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Daily Report

East Asia

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Japan

MITI Reacts Against U.S. Super 301 Extension

OW0210141095 Tokyo YOMIURI SHIMBUN
in Japanese 29 Sep 95 Morning Edition p 7

[FBIS Translated Text] The U.S. Government has decided to extend the U.S. Trade Act's Super 301 Provision (the provision providing for sanctions and the identification of unfair trading nations and practices) for two years. The Ministry of International Trade and Industry [MITI] is increasingly reacting against the U.S. posture to press Japan for concessions with the threat of sanctions, saying, "The U.S. Government decision runs counter to the spirit of the World Trade Organization (WTO), which set the principles of free trade." The U.S. trade representative has put the two Japanese sectors of paper and forest products on a "monitoring list" this year following last year under the Super 301 Provision. MITI reacted to the action taken by the U.S. trade representative by saying, "Japan's imports of foreign paper products have been growing and we regret the U.S. action."

In 1994, Japan sharply increased its imports of paper products from northern Europe and this sharp increase put Japan's total imports of foreign paper products for the year at 566,000 tons, up 12.1 percent from the previous year. In 1994, however, Japan's imports of American paper products decreased 12.0 percent. For this reason, the United States is blaming "the Japanese market's closed nature for the decrease." However, MITI is arguing that "the weakened capability of the United States to export its paper products to Japan in the wake of strong domestic demand for them was responsible for the decrease." In this way, Tokyo and Washington are split in their views on Japan's imports of American paper products.

At a May meeting of the Ministerial Council of the Organization for Economic Cooperation and Development (OECD), European nations expressed their objections to the U.S. posture to press for concessions with the threat of sanctions. Japan plans to keep this U.S. protectionist move in check in the WTO and other multilateral forums.

Sony's Oga Urges Scrapping Semiconductor Accord

OW0210135595 Tokyo MAINICHI SHIMBUN
in Japanese 30 Sep 95 Morning Edition p 10

[FBIS Translated Text] Speaking at a 29 September news conference on the Japan-U.S. semiconductor accord, which is due to expire at the end of July next year, Norio Oga, chairman of the Electronic Industries Association of Japan (and chairman of Sony Corporation) gave his view that the accord should be abolished, and

said, "The original goal has been achieved." This is the first time that a top industry official has clearly opposed renewing the accord. The United States has unofficially informed Japan of its intention to renew the agreement. The possibility is emerging that consultations that will start in full swing early next year will face rough going.

Saying it is his personal opinion, Oga said, "Now that the accord's goal has been fulfilled, the intergovernmental accord is no longer necessary. The bilateral treaty should not be left as it is." His assertion is based on the fact that Japan has already attained the "20-percent share of foreign-made semiconductors on the Japanese market," which is regarded as a voluntary target in the accord.

However, at the same time, Oga pointed out the need for confirming the spirit of the accord to prevent the share from returning to the previous level immediately after scrapping it, causing further problems. In addition, he revealed his intention to maintain the cooperative relations with the U.S. sector also in the future.

The share of foreign-made semiconductors has been exceeding about 20 percent since the fourth quarter of 1992. The Japanese semiconductor sector has basically taken the stand that the accord should be abolished, saying, "To renew the agreement is meaningless."

In response, the United States has unofficially notified Japan of its desire for renewal, saying, "The accord is essential to maintain friendly ties in the future."

According to an informed source, at the Japan-U.S. semiconductor sector meeting held from 14 September, a U.S. manufacturer made a new request that "share targets should be set separately for each industry." Concerns began to be voiced over the possibility that with the U.S. presidential primary election scheduled for early next year approaching, the United States will treat the semiconductor issue as a political problem, and make more tough demands.

Survey Results on Local Legislatures on SOFA

OW0310092395 Tokyo ASAHI SHIMBUN
in Japanese 2 Oct 95 Morning Edition p 1

[FBIS Translated Text] Since the rape of a young schoolgirl in Okinawa Prefecture by U.S. servicemen, a growing number of local legislatures nationwide have passed statements or resolutions asking for review of the Status of Forces Agreement [SOFA] based on the Japan-U.S. Security Treaty.

According to a survey by ASAHI SHIMBUN, as of 1 October, 133 local assemblies all over the country, including prefectural assemblies, have passed such documents, and nine prefectural governors have expressed

doubts on how the SOFA operates or indicated intentions to ask the national government, in regular prefectural assembly sessions in September, to revise the SOFA. Other local assemblies plan to pass statements or resolutions shortly. Moves at the local level to ask for "sounder Japan-U.S. relations" are expected to continue for some time.

The prefectural assemblies of Okinawa and Nagano and 131 city, town, or village assemblies have adopted statements or resolutions asking for SOFA revision. In Okinawa, in addition to the prefectural assembly, all but one of the 53 city, town, and village assemblies in the prefecture have adopted such documents.

In Kanagawa Prefecture, which hosts U.S. military bases at Yokosuka and Atsugi, Yokosuka and five other cities have done the same. In Tokyo, where Yokota Air Base is located, the host city of Fussa and 19 other local governments, including Minato and Toshima Wards, took the same action.

In mainland Japan, a surprising number of local assemblies in locations that do not have military bases have passed protest resolutions, indicating that the incident was shocking even to assembly members who have little to do with U.S. forces.

Most of the resolutions and statements ask for revision of Article 17 of SOFA, which deals with turning over U.S. military personnel suspected of crimes to Japanese authorities.

The Fukushima city assembly goes so far as to point out that SOFA "contains unequal provisions that smack of the period of U.S. occupation and give the United States preferential treatment." More than 10 cities, including Yonago in Tottori Prefecture and Sakura in Chiba Prefecture, have asked for correction of the overall inequality of the SOFA.

As reasons for seeking SOFA revision, many cited a desire to improve Japan-U.S. relations — for example, Toride city in Ibaraki Prefecture intends to "aim at sound security cooperation." On the other hand, at least five local assemblies demand "restoration of sovereignty" over the bases because Japan's "sovereignty as an independent state is being infringed" (Iwamizawa city, Hokkaido).

Since 75 percent of the U.S. military bases in Japan are concentrated in Okinawa, the legislatures of Morioka city, Iwate Prefecture; Shikano town, Tottori Prefecture; and others have asked for "reduction of the bases."

Most assembly resolutions passed unanimously. The city assembly in Iwakuni, Yamaguchi Prefecture, even deleted a reference to the "need to maintain amicable

relations between Japan and the United States," due to opposition by reformist assemblymen. In contrast, the assembly of Ichikawa city, Chiba Prefecture, rejected a resolution on the SOFA issue owing to the conservative faction's desire to "first see how Liberal Democratic Party headquarters will react."

In addition to calls by local assemblies for SOFA revision, nine other bodies passed statements asking for early turnover of the suspect U.S. servicemen, without mentioning the SOFA. Resolutions on the SOFA are also expected to be submitted to and considered by the legislatures of Hokkaido, Oume city, Tokyo, and others soon.

Meanwhile, Governor Toru Hirai of Yamaguchi Prefecture, where Iwakuni Marine Air Station is located, said during the general questioning at the prefectural assembly in September that he will "ask for improvements in the SOFA at the liaison group of governors of 14 prefectures hosting U.S. military facilities," although he admitted that "the Japan-U.S. security treaty is indispensable for (Japan's) security."

At a news conference, Governor Hiroshi Okazaki of Kanagawa Prefecture also criticized Article 17 of SOFA as "an absurd system."

Saitama Prefecture's Governor Yoshihiko Tsuchiya stated during a question-and-answer session at the prefectural assembly that because of the Okinawa incident, he will "work for the return of the bases in Saitama."

Governor Masahide Ota of Okinawa presented his "demand for SOFA revision" at the September prefectural assembly session. The governor of Nagasaki Prefecture, which hosts the U.S. naval facility at Sasebo, and even governors of prefectures with no U.S. military facilities, such as Chiba, Nagano, Ehime, and Kyoto, have all stated during prefectural assembly question-and-answer periods that they want a "revision of SOFA."

Tokyo To 'Reaffirm' Joint Security With U.S.

OW0310115895 Tokyo YOMIURI SHIMBUN
in Japanese 1 Oct 95 Morning Edition p 2

[FBIS Translated Text] The Japanese Government decided on 30 September to use the term "reaffirm" in expressing the significance of the Japan-U.S. security arrangements in a Japan-U.S. joint statement to be announced at a Japan-U.S. summit in November. So far, the term "redefine" has been widely used, for example in the title of a book published by U.S. scholars last November. However, the Japanese Government decided not to use the term "redefine" because "it may be taken

as trying to review the Japan-U.S. Security Treaty" (according to a Foreign Ministry source). Underlying this decision is the government's concern that the term "redefine" would take on a life of its own under the current situation, when the foundation of the security treaty is on the verge of being shaken by a recent rape allegedly committed by U.S. servicemen in Okinawa.

In fact, at Japan-U.S. talks, the term "redefine" has not been used by either Japanese or U.S. negotiators. Meanwhile, Assistant Secretary of Defense Joseph Nye, who proposed the "Nye Initiative" on the importance of Japan-U.S. security arrangements and the presence of U.S. forces in the post-Cold War era, has said, "It is not necessary to revise the security pact." However, among those concerned with the security issue, the term "redefine" has been widely used.

The term "redefine" (according to a senior Foreign Ministry official) "may give the impression that the security pact itself would be revised, and therefore people would possibly misunderstand that the two nations are trying to revise the security pact." So the government decided to use the term "reaffirm" instead.

Koken Nosaka, chief cabinet secretary, and Shigeru Ito, chairman of the Foreign Affairs Committee of the Social Democratic Party of Japan [SDPJ], discussed the joint statement on security to be announced at the coming Japan-U.S. summit at a meeting at the Prime Minister's Official Residence in early September. Ito told Nosaka, "If the joint statement is based on the U.S. Defense Department-proposed security strategy for East Asia — which advocates maintaining 100,000 U.S. military members in the Asia region — it may provide ammunition for debate in the SDPJ, which has many antisecurity pact members."

On the other hand, some members of the Liberal Democratic Party and the New Frontier Party have called for changing the government's interpretation of the constitution, which does not recognize collective security agreements; for improving the details of the security pact, which they call one-sided; and for revising the Japan-U.S. Status of Forces Agreement [SOFA] following the rape of a school girl in Okinawa. With such calls in the background, concern has emerged that "such views might develop into calls for revising the overall security pact" (according to a senior Foreign Ministry official).

For that reason, at a session of the Japan-U.S. security consultation committee in New York on 27 September, Japanese and U.S. ministers and top officials in charge of diplomatic policies and defense affairs agreed to "reaffirm" the importance of the Japan-U.S. security alliance and specify it in a document.

However, using the term "reaffirm," a Foreign Ministry source says, "may give the impression that the two countries will merely maintain the security pact without making any changes, and therefore people may not notice the ministry's message of giving new significance to the pact." Meanwhile, a Defense Agency source said, "We have not used the term 'reaffirm' so far," thus indicating that the term "reaffirm" is not familiar.

Moreover, at the Japan-U.S. summit, "it is important to let both Japanese and American people understand easily why the security treaty is necessary now, and it is meaningless just to reaffirm the pact" (said former Administrative Vice Defense Minister Masateru Nishihiro). In this way, the government is likely to beat its brains out for the time being over the "future course" of the security pact and "how to define" the role of the pact.

Kono Asks U.S. Military Base Cut on Okinawa

OW0310030195 Tokyo KYODO in English
0256 GMT 3 Oct 95

[FBIS Transcribed Text] Tokyo, Oct. 3 KYODO — Foreign minister Yohei Kono on Tuesday [3 October] urged the United States to cooperate in finding ways to reduce U.S. military facilities in Okinawa Prefecture, a Foreign Ministry official said.

In a meeting with U.S. Ambassador to Japan Walter Mondale, Kono emphasized the importance of scaling down U.S. operations in Okinawa, where 75 percent of U.S. facilities in Japan are concentrated, the official said.

Kono told Mondale he wants to promote further cut-backs of U.S. military facilities in Okinawa, including three sites which have already been suggested and 23 other facilities.

The three sites already targeted for return to Japanese control are the U.S. naval base in Naha, a supplementary airport for U.S. forces in Yomitan, and a firing range that crosses a prefectural highway, where U.S. shooting drills are said to disrupt local transport and disturb residents.

The other 23 include the Futemma Air Base, Camp Hansen and Camp Kuwae, as named in the Japan-U.S. joint committee meeting in 1990.

Kono was quoted as saying the Japanese side will make further efforts to solve the problem, but that he hopes the U.S. will also continue to cooperate.

Mondale replied that the U.S. side will continue to offer its utmost cooperation and do its best to settle the issue under the joint committee process so that it can respond

as fully as possible to Japanese requests, the official said.

Also during the 30-minute meeting, Mondale And Kono reconfirmed the importance of reaching an early conclusion to the discussions of an expert-level panel set up last month amid a growing public outcry over the alleged rape by U.S. servicemen of a 12-year-old schoolgirl in Okinawa, the official said.

The panel was set up to discuss the criminal jurisdiction procedures under the Status of Forces Agreement, an accord on the status of U.S. military personnel stationed in Japan which came under fire for allowing U.S. military authorities to hold suspects until Japanese prosecutors formally indict them.

The official said the second panel meeting is planned for Thursday, when Japan hopes to present its basic view and possible agenda for debating improvements to the implementation of the procedures within the framework of the current agreement.

The Japanese and U.S. Governments have already confirmed that they will not seek a revision of the accord itself.

Japanese officials from the Foreign Ministry, Justice Ministry, National Police Agency, Maritime Safety Agency and the Defense Facilities Administration Agency are scheduled to attend the panel meeting, while the U.S. delegation is likely to consist of officials from the U.S. Embassy and the U.S. military forces in Japan, the official said.

At Tuesday's meeting, Kono and Mondale did not discuss Okinawa Gov. Masahide Ota's refusal to cooperate in forcing reluctant Okinawan landowners to rent land to U.S. forces, the official said.

Meanwhile, Defense Agency chief Seishiro Eto said Tuesday that Kono had met him and Chief Cabinet Secretary Koken Nosaka and agreed to make "every effort" to secure the early return to Japan of eight facilities used by the U.S. military in Okinawa.

The facilities, which include the Futenma Air Base, were named in the 1990 joint Japan-U.S. Committee meeting as targets for cuts.

Speaking at a press conference following the meeting among the three men, Eto said he intends to scale down the U.S. military presence in Okinawa, where 75 percent of U.S. facilities are located.

But Eto said it is difficult for the government to promise to bring the rate below 70 percent, a numerical target cited by government sources on Monday.

The sources had said the government would seek swifter and sharper reduction of U.S. military facilities in Okinawa in order to achieve that figure.

Minister Faults Ota on U.S. Military Land Issue

OW0310065195 Tokyo NHK General Television Network in Japanese 0300 GMT 3 Oct 95

[Announcer-read report; from "NHK News" program]

[FBIS Translated Text] At a news conference held after the cabinet meeting on the morning of 3 October, Masaaki Takagi, director general of the Okinawa Development Agency, criticized Governor Masahide Ota of Okinawa Prefecture for his refusal to meet Director General Noboru Hoshuyama of the Defense Facilities Administration Agency [DFAA] on the issue of the proxy signing of documents for the forced rental of land for U.S. military bases.

During the news conference, Takagi said that although Ota's feelings in refusing to sign documents on behalf of Okinawan landowners to extend the term for the use of land for U.S. military bases are understandable, he is displeased by Ota's act of turning away a senior government official. He asserted that Ota should actively seize all opportunities to explain the Okinawans' position and his own views to the national government. It is regrettable that he stubbornly refused to meet [Hoshuyama]. He criticized Ota's attitude, saying he is being inconsistent as the head of the prefectural administration if he petitions the national administration on some issues and rejects the government on others.

Commenting on the issue of revising the Japan-U.S. Status of Forces Agreement [SOFA], Takagi stated that this cannot be done immediately. However, it is also doubtful that the Okinawan people would accept mere improvements in the enforcement of SOFA.

Politicians Comment on SOFA, Treaty Revision

OW0210144695

[FBIS Editorial Report] Tokyo NHK General Television Network in Japanese at 0045 GMT on 1 October, in its "Sunday Discussion" program, carries a 15-minute roundtable discussion with Koichi Kato, secretary general of the Liberal Democratic Party [LDP]; Takeo Nishioka, acting secretary general of New Frontier Party; Wataru Kubo, secretary general of the Social Democratic Party of Japan [SDPJ]; Yukio Hatoyama, secretary general of Sakigake [Harbinger]; and Kazuo Shii, secretary general of the Japan Communist Party [JCP]. NHK commentator Takashi Yamamoto moderates the discussion.

Yamamoto begins the discussion by asking Kato what he thinks of the government's negative stance in dealing with a growing call for revision of the Japan-U.S. Status of Forces Agreement (SOFA). Kato says: "Generally speaking, I think the foundation of the Japan-U.S. Security Treaty has weakened in both countries; they are asking whether or not we can continue to maintain the treaty even after the Cold War. Therefore, discussions about the SOFA will develop into a serious issue. I think government officials, with officials of the Ministry of Foreign Affairs in the central role, are worried that such discussions will develop into a revision of the security treaty itself." He says it is too early to talk about elimination of the Japan-U.S. Security Treaty. Referring to an incident in which U.S. servicemen allegedly raped a schoolgirl in Okinawa, Kato says: "Ordinarily, the LDP, in such a case, would simply say they would firmly maintain the security treaty. But the LDP's defense and diplomatic committees are also talking about reviewing the SOFA. Debate on the need for SOFA revision will continue until the Japan-U.S. joint committee, which is having discussions now, produces a clear result."

On revision of Article 17 of the SOFA, Kubo says: "I am of the opinion that it is a matter of course for Japan to demand the United States review this matter." Hatoyama says, although it is necessary to review the SOFA, discussions should not develop to the point of abolishing the Japan-U.S. Security Treaty.

Asked how the government will deal with the Okinawan governor's refusal to sign a land lease for U.S. military use, Kato says: "The prime minister can sign the lease if the governor does not sign it until the last minute. However, Mr. Murayama does not want to fight with the governor."

Going back to the issue of revising the SOFA and the security treaty, Kato says: "Hatoyama and Nishioka have said we could have discussions by treating the two accords separately, but I do not think the situation in the United States is that simple. People may ask why the United States, the world's biggest debtor nation, has to defend Japan, the richest nation in the world?"

Yamamoto asks Kato if Prime Minister Murayama and President Clinton will be able to confirm next month that the Japan-U.S. post-Cold War security system and the Japan-U.S. Security Treaty will be maintained. Kato says: "I think both."

Nishioka says: "Relations between Japan and the United States are the most important ties. We must not ruin the ties for the entire world too." He says both countries can talk about the two accords separately.

The topic of discussion changes at 0055 GMT to the use of public money for saving financially troubled housing fund corporations.

FDA Looking at New U.S. Practice Sites

*OW0310100195 Tokyo KYODO in English
0855 GMT 3 Oct 95*

[FBIS Transcribed Text] Tokyo, Oct. 3 KYODO — The agency in charge of providing the U.S. military with land and facilities for its use in Japan is looking into moving U.S. military drills from Okinawa to nine different locations throughout Japan, government sources said Tuesday [3 October].

The review of the new locations comes as anger simmers in Okinawa over the alleged rape of a local schoolgirl by three U.S. servicemen and the decision by Okinawa Gov. Masahide Ota not to cooperate with the leasing of land for U.S. bases.

The Defense Facilities Administration Agency (DFA) said Tuesday that it is studying nine locations to relocate U.S. military exercises, including live ammunition firing drills that regularly force the closure of Highway 104 in Okinawa.

The agency said that the live ammunition drill might be moved to the Yausubetsu training site in Bakkai, Hokkaido, near the eastern tip of Japan's northernmost island, where the Ground Self-Defense Force (GSDF) trains.

The agency said that relocations to five new training sites could be carried out by next fiscal year.

"We have not decided on any of the sites as candidates for relocation," the agency said, but if the cooperation of local authorities can be obtained the relocations are likely to take place with Japan shouldering the cost of the transfer.

In addition to the Yausubetsu site in Hokkaido, other sites being considered include the Hokkaido training site at Eniwa, Mt. Fuji in Shizuoka Prefecture, and other sites in Miyagi, Fukushima, Niigata and Shiga Prefectures.

U.S. Forces on Okinawa conduct live ammunition exercises that force the closing of Highway 104 about 30 days a year, but the GSDF sites are in use about 350 days a year.

The GSDF said there is no room to make time for the U.S. Forces to use the training sites.

Under an agreement concluded last month, Japan will shoulder the costs of relocating U.S. troops.

If the agreement is ratified by the Diet, Japan will pay for the transfer of night landing practice for U.S. fighter aircraft from the U.S. base in Atsugi, Kanagawa Prefecture, just outside Tokyo, to the island of Iwojima.

Following the abduction and rape of an Okinawa schoolgirl last month, allegedly by three U.S. servicemen charged with the crime, Ota declared that he would not cooperate with the government over the forced leasing of Okinawa land for U.S. bases.

The incident fueled calls by local leaders and citizens for a reduction in the U.S. military presence in Okinawa, home to about 24,000 of the 44,000 U.S. military personnel stationed in Japan and 75 percent of U.S. military facilities.

The central government is preparing to expropriate about 387,000 square meters of land at 13 U.S. military facilities, owned by some 2,900 Okinawans, before the rental terms expire in March 1996 and May 1997.

The agency has asked the landowners and municipal government heads to sign the necessary documents in which the prefectural expropriation committee is asked to approve the expropriation.

But some municipal government heads and 33 landowners have refused to sign the documents for 35,000 square meters of land.

If landowners and municipal leaders refuse to comply, the law requires the governor to sign the documents.

If the governor also refuses, the prime minister can file a suit requesting that the governor carry out his duties. With court backing, the prime minister can then sign the documents if the governor does not comply.

Diet Approval of USFJ Expenses Discussed

OW0210141395 Tokyo YOMIURI SHIMBUN in Japanese 30 Sep 95 Morning Edition p 2

[FBIS Translated Text] The coalition parties held a foreign affairs coordination conference on 29 September. With regard to the revision of the special agreement on the Japanese Government's share of expenses for the U.S. Forces Japan [USFJ], the three parties reached a consensus that caution should be taken to win Diet approval. In arriving at this consensus, consideration was given to the feelings of Okinawa prefectural residents as well as of Japanese in general to the USFJ in connection with the Okinawa schoolgirl rape case. The parties confirmed that discussions should be held on various issues, including the review of the Japan-U.S. Status of Forces Agreement [SOFA]. At present, the government plans to win approval of a new special agreement at the current Diet extraordinary session. However, it may

take time for the government to submit the bill to the Diet.

With regard to the procedure for winning Diet approval of the new special agreement, many conference participants argued that caution should be taken. For example, a Social Democratic Party of Japan representative stated, "I do not think it is desirable to coolly start taking actual measures to gain Diet approval without taking any positive action to settle those issues on the Okinawa rape case and the SOFA revision request while disregarding public opinion." A Sakigake (Harbinger Party) representative stated, "A thorough consideration should be given to the issue before starting the procedures for gaining approval." Moreover, a Liberal Democratic Party representative said, "Would it not be desirable to have Diet approval before the next fiscal year's budget is adopted?" In stating his view, he indicated that the current Diet session's approval can be postponed.

The government plans to study the timing for submitting the bill to the Diet after discussions are conducted within each party.

Moreover, differing views were stated on the SOFA revision issue. For example, one said, "The government should deal with this issue resolutely. It is undesirable to conduct the negotiation under conditions from the very beginning. For example, the talks should not be limited to ways of improving the SOFA application."

Under the new agreement, Japan's share of expenses for the next fiscal year will increase 2 percent, amounting to over 3 billion yen.

Fighters Scramble Over Russian Military Planes

OW0210150895 Tokyo SANKEI SHIMBUN in Japanese 1 Oct 95 Morning Edition p 1

[FBIS Translated Text] Defense Agency [DA] sources revealed on 30 September that four Far East Russian Air Force planes repeatedly approached Japanese territory in airspace to the west of Hokkaido on 22 September, and each time veered away. Ten Japanese Air Self-Defense Forces [ASDF] aircraft were scrambled to deal with the situation.

The DA said: "Although the latest action was not a violation of Japanese airspace, it was an unusual matter." It is unusual since the collapse of the former Soviet Union that so many ASDF planes have been scrambled over an incident. The DA is examining the details of the incident to determine whether the Far East Russian Air Force has revitalized its activities and improved its operational capability.

At around 1000 on the morning of 22 September, four Russian military planes flew to western airspace off

Hokkaido from the direction of Littoral Province of Siberia. As the four planes approached close to Japan's air defense identification zone (ADIZ), the ASDF issued a notice for departure by radio and scrambled F-1 fighter planes from Misawa base.

However, those Russian military planes continued to fly off Hokkaido, and one of them repeated a "figure eight flight" which brought them in close and took them away again from Japanese territorial airspace. For this reason, F-15 fighter planes were also mobilized from Chitose base. As a result, the ASDF scrambled a total of 10 fighter planes from the two bases to have them be on guard or move in close to the Russian planes to issue a notice for them to depart. Finally, the Russian military planes flew off in the direction of Littoral Province in Siberia at around 1300.

Normally the ASDF scrambles in a two-plane formation. According to a senior ASDF officer, "it is a rare case" these days in which as many as 10 planes take off in a scramble.

DA sources simply identified the Russian military planes as a "newly produced airplane." However, they are most likely thought to be a new-type Sukhoi-27 fighter plane — which are a match for F-15 fighter planes — or MiG-31 fighter planes.

Commenting on the activities of the Russian military planes, the sources said: "They probably wanted to test the capability of the ASDF's radar site, the ASDF's air defense ability, and the reaction by the U.S. Air Force stationed in Misawa."

The most recent case of Russian military planes violating Japanese airspace was when a MiG-31 plane flew over territorial waters off Rebun island, Hokkaido on 23 March this year. The time before that took place on 31 August 1993.

During the Cold War, former Soviet Union military planes in the Far East frequently took provocative action. For example, they often approached Japanese territorial airspace, and in some cases flew in attack formation toward the ASDF's radar site.

However, the number of scrambles by the ASDF's northern air defense force decreased from 317 in 1990 to 200 in 1994. Far East Russian military planes have been relatively inactive more recently, and their provocative activities have decreased.

The DA believes the latest action by Russian military planes shows a sign they are becoming more active. For this reason, the DA is now speeding up its analysis of Russia's intentions and capabilities of the Russian air force from such factors as the flight routes it takes.

Uzbekistan Rejects Exhumation of POW's

OW0310020095 Tokyo KYODO in English
0139 GMT 3 Oct 95

[FBIS Transcribed Text] Tokyo, Oct. 3 KYODO — Uzbekistan has rejected a Japanese request to exhume the remains of Japanese prisoners of war (POWs) held during and after World War II in the former republic of the Soviet union, Health and Welfare Ministry officials said Tuesday [3 October].

The ministry said it had planned to conduct the first exhumations this fall, but Uzbekistan rejected the request saying Islam prohibits the opening of graves or the disturbance of the dead.

According to documents presented by the former Soviet Union, 812 Japanese POWs are buried in Uzbekistan, and so far 13 of the burial sites have been confirmed, the officials said.

The ministry will continue trying to obtain Uzbekistan's understanding and agreement to the exhumations so that the POWs' remains can be returned to Japan, they said.

Based in prison camps, the Japanese POWs were forced to work in factories, coal mines and construction in Uzbekistan.

They were among the 500,000 Japanese POWs whom, on Aug. 23, 1945, Soviet leader Joseph Stalin ordered to be taken to the Soviet Union for use as forced labor, according to a Soviet document.

Tokyo, Pyongyang Agree on Rice Aid

OW0310051695 Tokyo KYODO in English
0450 GMT 3 Oct 95

[FBIS Transcribed Text] Beijing, Oct. 3 KYODO — Japan and North Korea signed an agreement Tuesday [3 October] for Tokyo to provide 200,000 tons of rice to Pyongyang on a deferred payment basis as its second rice aid package.

Under the accord, Japan will supply the rice under 30-year deferred payment with a grace period of up to 10 years.

The rice to be provided will be from the cargoes Japan imported from Thailand, China and other countries from 1993 to 1994 following a bad domestic rice harvest.

The Japanese Food Agency's Operation Department Chief Shigeru Tamesue and North Korean International Trade Promotion Committee Secretary Kim Chong-ki inked the deal in a ceremony that began at 11 a.m. at the Japanese Embassy in Beijing.

The two countries have discussed the aid, aimed at alleviating food shortage in North Korea, in Beijing since Saturday. They have extended talks that were to be concluded in two days.

During their last meeting in June, Japan agreed to send 300,000 tons of rice to North Korea, including 150,000 tons for free.

It has not been disclosed whether the parties discussed the pending resumption of negotiations to normalize bilateral relations during the current round of rice aid talks.

Normalization talks have been suspended since the last round was adjourned in November 1992 in a dispute over several issues, including Tokyo's demand for information on a Japanese woman allegedly abducted by North Korean agents.

North and South Korea met last Wednesday to start their third round of talks on rice aid from Seoul to Pyongyang, but the negotiations have stalled over a South Korean fishing boat seized in May by North Korea.

During the talks, Kim thanked Tokyo for the rice aid agreed upon in the first round of talks, calling the shipments a "display of goodwill." Koro Bessho, head of the Foreign Ministry's Northeast Asia Division, told a news conference.

Japanese officials said Tokyo takes Kim's expression of gratitude as putting in the right context a controversial remark by the North's point man on relations with Japan, Kim Yong-sun.

Kim, a secretary of the ruling workers party of Korea, had been quoted as saying that Japan was helping out North Korea with rice supplies in an effort to apologize for its colonial rule of the Korean peninsula.

Kim's reported comment had enraged Japanese politicians and temporarily dampened prospects for further rice talks.

Rice for DPRK To Help Reduce Surplus Stocks

*OW0310053395 Tokyo KYODO in English
0451 GMT 3 Oct 95*

[FBIS Transcribed Text] Tokyo, Oct. 3 KYODO — Japan's accord with North Korea on a second rice aid shipment will help reduce surplus rice inventories, the Agriculture, Forestry and Fisheries Ministry said Tuesday [3 October].

Japanese rice farmers had good harvests in 1994 and this year and there are still stocks left over from the emergency rice imports in 1993 when there was a very poor rice crop.

The rice surplus is expected to continue in Japan as the rice market has been partially opened under the Uruguay Round accords obligating the country to allow "minimum access" to foreign rice growers.

Japan and North Korea signed an agreement in Beijing on Tuesday on a second round of rice aid to Pyongyang totaling 200,000 tons to alleviate food shortages in North Korea.

During their last meeting in June, Japan agreed to provide 300,000 tons of rice to North Korea, including 150,000 tons free of charge.

Hashimoto on Application of APEC Principles

*OW0310030495 Tokyo KYODO in English
0221 GMT 3 Oct 95*

[FBIS Transcribed Text] Tokyo, Oct. 3 KYODO — Japanese International Trade and Industry Minister Ryutaro Hashimoto on Tuesday [3 October] sought flexible application of the comprehensive principle of the Asia-Pacific Economic Cooperation (APEC) forum.

"The principle of comprehensiveness should be basically upheld while its enforcement should be flexible with consideration given to the sensitive areas of each APEC member," Hashimoto told a news conference.

"But that does not mean allowing each APEC member an exceptional trade area to be exempt from APEC accords," he added, referring to the Bogor Declaration that set comprehensiveness as one of APEC's principles.

Most APEC members have "sensitive" trade areas that would be dealt a blow if comprehensiveness, or uniform application of APEC accords to all sectors without exception, is introduced.

Farm trade is such an area for Japan, China and South Korea, and textiles for the United States, for example.

Consensus has yet to be reached over the treatment of sensitive areas in APEC talks to set a specific trade-freeing framework.

"Basically, we should respect the Bogor Declaration but some flexibility is possible in bilateral talks," Hashimoto said.

"APEC is not an organ for setting rigid rules via negotiations but an organ to be run on consensus," he said.

Tokyo To Discuss Exchange Rates, Economy at G-7

*OW0310041795 Tokyo KYODO in English
0203 GMT 3 Oct 95*

[FBIS Transcribed Text] Tokyo, Oct. 3 KYODO — Japan will maintain that currency rates are still in the

process of "orderly reversal" of the dollar's weakness at a meeting this weekend of the Group of Seven (G-7) major industrialized nations in Washington, the finance minister said Tuesday [3 October].

Masayoshi Takemura said at a news conference after a regular cabinet meeting that Japan will make the claim although it is yet to be seen whether or not the G-7 meeting will reaffirm the April accord on the orderly reversal.

G-7 finance ministers and central bank governors will exchange views on the developments in currency markets since their last meeting in April, Takemura said.

Among other items on the agenda of the Washington meeting will be each G-7 nation's economic situation based on a report by the International Monetary Fund, macroeconomic policy, roles of the IMF and the World Bank, and the Russian economy, he said.

Japan will explain its recent efforts to prop up its ailing economy and the prospects of recovery, Takemura said.

On problems within the Japanese financial system, Japan will seek the understanding of other G-7 partners on the policy for the disposal of bad loans that the government unveiled last week, he said.

"We will show our ability to dispose of bad loans within a certain period," Takemura said.

Murayama Wants Further Weakening of Yen Value

OW0310091695 Tokyo KYODO in English
0809 GMT 3 Oct 95

[FBIS Transcribed Text] Tokyo, Oct. 3 KYODO — Prime Minister Tomiichi Murayama said Tuesday [3 October] he wants the reversal of the yen's strength against the dollar to continue.

Murayama was answering a question at a plenary session of the lower house of the Diet ahead of a meeting of finance ministers and central bankers from the Group of Seven (G-7) major industrial nations in Washington on Saturday.

The yen began its "orderly reversal" from its steep appreciation against the dollar on a series of G-7 joint dollar-supporting interventions after the G-7 top financial officials agreed on the reversal of the weak dollar in April.

The premier made his remarks as the Japanese currency was changing hands at 100.50-55 yen against the dollar in quiet trading in Tokyo on Tuesday, compared with its 100.32-37 yen close Monday.

Murayama also said his cabinet will maintain income and residential tax cuts as long as the economy remains stagnant.

Despite its tight budgetary conditions, the government in September last year decided on the tax cuts through a two-tier method — 3.5 trillion yen in permanent tax cuts and 2 trillion yen in special cuts applied only for fiscal 1995 and 1996.

The fiscal 1996 special tax cuts are subject to review if the economy improves remarkably, the government said then.

Finance Ministry Begins Probe Into Daiwa Bank

OW0310100295 Tokyo KYODO in English
0903 GMT 3 Oct 95

[FBIS Transcribed Text] Tokyo, Oct. 3 KYODO — The Ministry of Finance (MOF) on Tuesday [3 October] began investigating Daiwa Bank in the wake of last week's revelation of a 1.1 billion dollar loss as a result of unauthorized dealing in U.S. securities, ministry sources said.

The MOF notified Daiwa on Monday that it will probe the major commercial bank's internal management system, the sources said.

Daiwa disclosed last week that a bond trader at its New York branch lost 1.1 billion dollars in unauthorized trading in U.S. treasury securities over 11 years. The trader, Toshihide Iguchi, was charged by U.S. federal prosecutors last week with forgery and falsifying bank records in an attempt to conceal the losses.

The MOF intends to find out whether Daiwa's internal checking system has defects that had prevented it from recognizing the unauthorized transactions over such a long time, the sources said.

Following hearings with Daiwa officials, the MOF will begin on-the-spot inspections at the bank's head office in Osaka and other places later this week, the sources said.

Iguchi was responsible for both trading in U.S. securities and the management of them. The great authority given to him is said to have caused the problem.

Daiwa officials in charge were not immediately available for comment.

Credit Banks May Lower Long-Term Prime Rates

OW0310015895 Tokyo KYODO in English
0127 GMT 3 Oct 95

[FBIS Transcribed Text] Tokyo, Oct. 3 KYODO — The Industrial Bank of Japan and other credit banks are

likely to lower their long-term prime interest rates — those charged on loans of one year or longer extended to trustworthy customers — on Oct. 13, a business daily said Tuesday [3 October].

The banks, which will make their final decision early next week, will probably cut the rate by 0.2-0.3 percentage point from the current 3.0 percent per annum, the NIHON KEIZAI SHIMBUN said.

It will be the first time in three months for the rate to drop to the 2 percent range.

The banks are expected to cut the interest rate because of the fall in the yield on five-year interest-bearing debentures, on which the prime rate is based, the paper said.

It said the bank of Japan's current stance of preventing long-term interest rates from rising is helping to keep bond prices high and their yields low.

But although the central bank would like to see lower rates boost private-sector demand, it is uncertain whether the expected cut in the long-term prime rate will encourage companies to take in more bank loans, the paper said.

The balance of loans at the credit banks rose only feebly in the months this year when the long-term prime rate was in the 2 percent range, it noted.

Ex-Im Bank Sets Up Office in Hong Kong

OW0210125295 Tokyo KYODO in English
1147 GMT 2 Oct 95

[FBIS Transcribed Text] Tokyo, Oct. 2 KYODO — The Export-Import Bank of Japan said Monday [2 October] it has opened a business representative office in Hong Kong and dispatched a resident executive director there to gather financial and business information about the Asia and Oceania region.

Hideo Tokuda, who will supervise the bank's seven offices in such areas as Beijing, Manila and Bangkok, as well as Hong Kong, is the third resident executive director the bank has dispatched, following those sent to the New York and London offices, bank officials said.

They said the Hong Kong office's main tasks are offering loans to companies in southern China, researching the financial and capital markets of Hong Kong and gathering information about project-financing plans in connection with privatization in Asia.

Panel Asks Tax Measures Before NTT Breakup

OW0210142095 Tokyo KYODO in English
1337 GMT 2 Oct 95

[FBIS Transcribed Text] Tokyo, Oct. 2 KYODO — A government advisory panel Monday [2 October] called for taxation measures prior to a possible division of domestic telecommunications giant Nippon Telegraph and Telephone Corp. (NTT), postal ministry officials said.

The officials said the appeal was made at a special session of the Telecommunications Council, an advisory organ at the Posts and Telecommunications Ministry, which is studying the proposed division of NTT.

Hideo Sakamaki, member of the council and president of Nomura Securities Co., said the company will be required to pay a prohibitive amount of tax for unrealized profits on real estate under the present taxation system if it is split up, the officials said.

The existing commercial law has no provision on corporate divisions, and regulations on transfer of operations will be applied if the company is divided.

In such a case, the tax will be levied on the estate held by the company based on the prevalent market price instead of the book value, sakamaki was quoted as saying.

Sakamaki also called for the complete privatization of the company in which more than 50 percent of its stock will be held by private investors.

The government still holds two-thirds of NTT's stock even after the company was privatized in the 1985.

Keidanren Panel Seeks Phased Rice Price Cut

OW0210131595 Tokyo KYODO in English
1152 GMT 2 Oct 95

[FBIS Transcribed Text] Tokyo, Oct. 2 KYODO — A study panel of the Federation of Economic Organizations (Keidanren) called on the government Monday [2 October] to implement phased reductions of rice prices, government officials said.

Josei Ito, chairman of Keidanren's agricultural affairs committee, made the request to Masayuki Takahashi, director general of the Food Agency, the officials said.

The officials said the request was made in connection with the enactment of a new food control law in November.

Ito also asked the agency to do away with the present compulsory rice acreage reduction system and official rice polishing inspection.

Takahashi showed a negative response to the requests, noting the agency has not kept rice prices at high levels artificially and compulsory rice production cuts are necessary to prevent a supply glut, the officials said.

Kato on Hashimoto, Economy, Security Treaty

OW0210132895

[FBIS Editorial Report] Naha Ryukyu Asahi Television Broadcast in Japanese [tentative source name] at 0135 GMT on 1 October, during its regular "Sunday Project" program, carries a 28-minute live interview with Koichi Kato, secretary general of the Liberal Democratic Party [LDP]. The interview is conducted by Soichiro Tahara in Asahi Television's Tokyo studio, with participation by Kyoto University Professor Masataka Kosaka, and Hajime Takano, chief editor of INSIDER magazine.

Reviewing the setback the LDP suffered in the recent upper house elections, Tahara asks Kato why he supported Ryutaro Hashimoto during the recent LDP presidential election. Kato says: "It was Hashimoto's active stand." "I think Hashimoto has a positive image as a decisionmaker."

Asked to explain what LDP President Hashimoto means by saying that the LDP, under his leadership, will act in an LDP-like manner, Kato says: "I think there are two things. One is for the LDP to do things with confidence. The other is for LDP organizations and LDP Dietmen to act quickly." He then says the party hopes to send its president to the Prime Minister's Official Residence to take a more active leadership role in the coalition government.

Tahara then asks if the LDP will try to stick to its own policies even at the risk of jeopardizing harmony in the coalition government. Kato says there are no major policy differences between the ruling parties. He says: "Regarding the consumption tax, for instance, the Social Democratic Party of Japan [SDPJ] changed its stand and moved closer to the LDP."

Asked who will succeed Prime Minister Murayama, Kato says: "After Murayama is Ryutaro Hashimoto."

With regard to dissolving the lower house for general elections, Kato says: "I do not think we should dissolve the lower house now. The important thing is the economy. The value of the yen is coming down, and we have introduced economic plans which amount to 14 trillion yen. I think the economy will begin to recover around early next spring. We just do not want to create a void for two or three months by dissolving the lower house immediately after the APEC [Asia-Pacific Economic Cooperation] meeting."

On the possibility of revising the Religious Corporation Act, Kato says major religious groups should publicly disclose their financial situations. He also says he is in favor of the idea of placing religious organizations, which are active across the nation, under the jurisdiction of the Education Ministry.

Kosaka says it is difficult for the Murayama administration to debate economic measures and revision of the Religious Corporation Act during the current Diet session because they are both tough issues. Kato says that both issues can be taken care of during this year because the opposition parties are also leaning toward revision of the act.

Takano asks Kato to explain the LDP's stand regarding revision of the Japan-U.S. Status of Forces Agreement [SOFA]. Kato says: "I think there is a strong sentiment in the United States for getting rid of the Japan-U.S. Security Treaty." "I think the Japan-U.S. Security Treaty will be needed for another 5 to 10 years. I am of the view that the U.S. presence in Asia is needed." "Probably, debate over the SOFA, once we start it, will go as far as the issue of reviewing the foundation of the security treaty." Tahara then asks if Kato is determined to review the contents of the security treaty. Kato answers: "When we talk about the security treaty, which is a special treaty, we should not say that we will revise it unless we are certain that we will and can continue to keep it." He adds: "First, we should assure that the Japan-U.S. Security Treaty is firm. I think we are still not confident of that."

The interview ends at 0203 GMT.

SDP Left-Wing Group Urges Cutting SDF

OW0310102895 Tokyo KYODO in English
0938 GMT 3 Oct 95

[FBIS Transcribed Text] Tokyo, Oct. 3 KYODO — A left-wing group inside Prime Minister Tomiichi Murayama's Social Democratic Party (SDP) on Tuesday [3 October] finalized a proposal on curtailing the front-line equipment and the personnel of the Self-Defense Forces (SDF) over the next five years, group members said.

The Peace Strategy Research Group, consisting of 31 SDP lawmakers and headed by House of Councillors member Osamu Yatabe, will soon submit the proposal to Murayama so that it will be considered in drafting the national budget for the next fiscal year, they said.

The group proposes that 300 tanks and a third of the SDF's fighter planes be cut under the five-year program.

The program also includes decreasing the ceiling on the number of Ground Self-Defense Force personnel to

125,000 from the present 180,000, on Maritime Self-Defense Force personnel to 35,000 from 46,000 and on Air Self-Defense Force personnel to 35,000 from 48,000.

By these reduction measures, Japan's defense budget after five years will be 34 percent smaller than in the current fiscal year, according to the group.

Murayama on Lower House Poll, Okinawa Issues

OW0310075395 Tokyo NHK General Television Network in Japanese 0304 GMT 3 Oct 95

[Announcer-read report, with recorded portions by Japanese Prime Minister Tomiichi Murayama and Ichiji Ishii of the Heisei-kai party; from the "NHK News" program]

[FBIS Translated Text] Today the upper house is addressing questions from party representatives. Prime Minister Tomiichi Murayama said he has no intention of dissolving the lower house for an early election, saying a political vacuum should not be created when the nation faces many tasks, both at home and abroad.

[Begin Ishii recording] The Murayama cabinet is a do-nothing government, and its performance is far from public expectations. As I mentioned earlier, the public's dissatisfaction was made clear in the last upper house election and in recent opinion polls. This is why people say it is important to know the best time to step down. Mr. Prime Minister, under such circumstances, you should dissolve the lower house as soon as possible, to appeal to the judgment of the people through a general election. [end Ishii recording]

[Begin Murayama recording] My administration must grapple with so many tasks, both inside and outside the nation. Considering the seriousness and urgency of these tasks, I would like to continue to manage the nation, paying respect to public opinion. I have absolutely no intention of dissolving the lower house and holding a general election. [end Murayama recording]

Councillor Ishii also questioned Murayama on the government's stance toward Okinawa Governor Masahide Ota's refusal to serve as a proxy in leasing land for U.S. forces from anti-U.S. landowners. In reply, Prime Minister Murayama said it is undesirable for the central and local governments to have legal conflicts over their operations, adding that he would try his best to obtain Governor Ota's cooperation through consultations.

Asked about reviewing the Japan-U.S. Status of Forces Agreement, Murayama said he is looking for early completion of negotiations between Japanese and U.S. experts.

Murayama Rejects Calls for Early General Election *OW0310075095 Tokyo KYODO in English 0729 GMT 3 Oct 95*

[FBIS Transcribed Text] Tokyo, Oct. 3 KYODO — Prime Minister Tomiichi Murayama on Tuesday [3 October] flatly rejected calls by opposition politicians to soon dissolve the House of Representatives to pave the way for general elections.

"I'm not thinking at all about an early dissolution (of the lower house)," Murayama told the House of Councillors in response to questions about his policy address.

"Domestic and diplomatic issues have piled up and I will continue to address these issues and press ahead with reform while listening humbly to the voice of the people," Murayama said.

He was responding to Ichiji Ishii of the opposition Shinshinto (New Frontier Party), who had urged the premier to step down.

Murayama also said he hopes to convince Okinawa Gov. Masahide Ota to give up his resistance to the practice of forcing Okinawan landowners to renew contracts for leasing land to the U.S. military for their facilities in the island prefecture.

Brushing aside Ishii's strong protest against the planned amendment of a law on religious corporations, Murayama said the revision will be kept to the absolute minimum.

"The council on religions has compiled a report advocating a very small-scale revision, while strictly honoring the constitutional principles of religious freedom and the separation of the state and religion," he said.

As to whether the antisubversive activities law should be applied to Aum Shinrikyo, the religious cult which police say carried out the March 20 nerve gas attack on Tokyo subways and other crimes, Murayama said, "the Social Democratic Party (SDP) and I have the same basic stance."

The SDP is inclined toward using the law against the cult, but has taken a cautious approach so far, as the legislation, designed to be used against terrorist groups, has been subject to criticism as potentially repressive and has never been used since it was passed in 1952.

Turning to economic matters, Murayama predicted the beginning of economic recovery in the latter part of the year as a result of pump-priming measures.

He said the government is cautiously considering proposals to temporarily use public funds to salvage companies weighed down by bad loans.

Murayama refused to say whether he would be the head of a soon-to-be-inaugurated successor party to the SDP, arguing that it is too early to make any statement on the issue.

Hashimoto's, Kono's Characters, Moves Reviewed
952B0236A Tokyo SHUKAN BUNSHUN in Japanese
7 Sep 95 pp 28-31

[Unattributed article]

[FBIS Translated Text] **Many readers, upon learning of Kono's decision to abandon his candidacy for the presidential election, were reminded of the expression: "The political world is pitch dark." Only the Hashimoto camp could have feared that this might happen. Ryutaro Hashimoto, a prime favorite with the public, is "an intolerable, conceited man" under a thin veneer. Is he infallible in the areas of "money, women, and character?"**

Most people responded to Kono's decision to abandon his candidacy by saying: "What is happening?" On the evening of 28 August, Liberal Democratic Party [LDP] President Yohei Kono suddenly made public his decision not to run again for president. At a press conference, Kono delivered clever message, saying: "It is impossible to know if I can win the majority vote unless I run in the election. However, I fear my candidacy will cause our party to split if a large group of party members engage in bitter campaign maneuvering."

However, everyone could see that he decided to flee from the enemy to "avoid a losing battle." A political reporter said: "In terms of boxing, this is like running away and jumping through the window of the waiting room minutes before the tournament."

In fact, Shigeru Kasuya of the former Miyazawa faction, who is close to President Kono, admits that the Kono abandoned the election campaign because he was "doomed to fail" and "the former Miyazawa faction was not united." Kasuya added that Chairman Koichi Kato of the Policy Research Council should be blamed for this lack of unity.

An ex-cabinet member of the former Miyazawa faction, who supported Kono, said with indignation: "After all, Kono would not want to take responsibility even though he wants power. We were foolish in supporting such an absurd person as our president. No one would support him anymore. Kono's political life has ended."

Not only the Kono supporters, but the Hashimoto supporters were also outraged. The "action leader," former Secretary General Seiroku Kajiyama said: "What a shame! I will run in his place (laughter). Kono is not

a warrior. I am upset thinking that this sort of man sat in the presidential chamber."

Shoichi Nakagawa, a Diet member, who belonged to the former Mitsuzuka faction, stated that "the presidential election was an important prerequisite" to revitalizing the LDP, so as to appeal to the public." Also, a person concerned with the LDP said: "In fact, Kono interfered with this process. He has no excuse if he is criticized that his action benefited Shinshinto [New Frontier Party]."

A certain LDP concerned person, who was beyond outrage, expressed his point of view. He said: "Realizing his inevitable crushing defeat, Kono may have come out with the most effective way to get back at the LDP as a whole. If this is the case, this is a suicidal coup d'etat' by the president."

Kono Camp Now Fighting the Leyte Battle

"The showdown between Hashimoto and Kono" was over too soon due to the simple reason that the strength of the Kono camp was far less than that of the Hashimoto camp. A LDP source said: "The victory was just about assured by the Hashimoto group, when on 22 August, a 'Group to Promote President Hashimoto' was formed. The former Obuchi faction leaders, who supported Hashimoto, had calculated that Hashimoto would win if 50 supporters would join their group. As it turned out, 69 supporters gathered for the meeting."

The Kono support group was led by former Miyazawa faction leaders who were close to Kono. However, these leaders were playing the roles of absurd slapstick.

First of all, there was an error in judgment regarding when to begin campaigning. According to a reporter who used to report on the former Miyazawa faction: "Among Kono's four close associates, Kasuya, Taro Asou, and Mitsuo Horiuchi thought that preparations for the election could begin after Kono returned from abroad. However, Hideyuki Aizawa, who was alarmed by the Hashimoto camp's early actions, decided to set up Kono's campaign headquarters on 25 August."

But the campaign manager feared that if the former Miyazawa faction member led the campaign efforts, it might appear to be too much of a factional undertaking. Therefore, after confidential inquiries, he decided to ask Masajuro Shiokawa of the former Mitsuzuka faction to lead Kono's campaign.

But, according to the above mentioned reporter: "Aizawa and Kichiro Tazawa disclosed this to newspaper reporters which prompted some of the newspapers on the following morning to print: Shiokawa asked to lead the Kono camp." Meanwhile, Shiokawa had just returned from Taiwan late the night before. He

never received a message which was entrusted to his secretary by Aisawa and others requesting Shiokawa to lead Kono's campaign efforts. He was outraged when he saw the morning news and said: "I have not heard anything about this!"

Aisawa and others asked Secretary General Mitsuzuka to intercede but to no avail; Shiokawa turned down the offer. Kono's campaign headquarters delayed its opening of activities to 31 August, but their efforts were wasted.

On the other hand, the activities of the Hashimoto supporters were spectacular. A LDP concerned person said: "On 22 August, the day after Hashimoto announced his candidacy, top three executives of the Union of LDP National Chapters were summoned to the office of the former Obuchi faction, where Hashimoto's name cards with colored photographs were handed out for nationwide distribution."

The same person added: "Although the Presidential Election Overseeing Committee on 25 August forbade the mailing of ad campaign materials, notices by the 'Assembly to Realize President Hashimoto' had already been sent to party members. They also obtained a list of party members nationwide and began networking by phone."

While Kono was visiting three countries, including Australia, his close associate Horiuchi said of the "campaign battle": "I feel we have been attacked in the manner of Pearl Harbor, but we will definitely win in the end."

However, the Hashimoto camp had already announced that the Kono camp was fighting the battle of Leyte Island (a losing battle).

Kono supporters strategies were insubstantial and resulted in failure. Kono was criticized for restoring factional politics in connection with the cabinet reshuffle when he openly pushed for taking in the former Mitsuzuka faction. Kono's action went against him and hurt him deeply. According to a LDP source: "Kono was to be abandoned even by Mitsuzuka. A former Obuchi faction leader received a secret message from the Mitsuzuka side requesting 'honorable treatment of Mitsuzuka, i.e., giving him the position of vice president.'"

"Try for Future Opportunity;" "Withdraw From Race"

On 26 August, the day that Hashimoto and Kono both returned to Japan, the situation was now certain. According to a Nagatacho source: "Of the 450 votes, including 310 votes by Diet members and 150 votes

by party members [as published], it was estimated that Hashimoto would gain 183 votes from the Diet members, and Kono 55, indicating Hashimoto would gain more than half of the 310 votes by a large margin. In addition, it is believed that Hashimoto would garner 70 to 80 percent of the rest of the party members votes."

Even so, Kono appeared confident that he could stage a comeback. But as might be expected, some of the Kono supporters at this stage began to consider steps to face the aftermath of a defeat. Exchanges made among the former Miyazawa faction members went as far as: "The way things are, it is clear Kono will be dealt a crushing blow. I don't know about Kono, but I feel sorry for the young Diet members who feel obliged to vote for Kono because of their factional ties. We have to think of an honorable withdrawal for Kono, but we do not have good justification. The easiest way may be for Kono to become ill, but not seriously."

According to our political desk, "Kono's guardian, former Prime Minister Miyazawa, gave up the 'difficult task' of persuading Koichi Kato to support Kono. Kono and his close associates, who were driven into a tight corner, each went his own way to consult with Gotoda, but they were admonished to aim for a 'future opportunity' and to 'withdraw from the presidential race.'"

Then, on 28 August, Kono decided to withdraw his candidacy after reportedly spending a sleepless night. Miyazawa had persuaded Kono: "If you step down now, you will have a chance later." However, a LDP concerned person said: "Kono, who caused confusion in our party and who brought shame to his supporters, will never have another chance. What in the world is Mr. Miyazawa thinking of?"

It is reported that Prime Minister Murayama, when he heard about Kono's withdrawal, muttered to himself: "What happened to that cabinet reshuffle?"

No doubt Mr. Kono himself suffered the greatest loss in this incident. According to a LDP concerned person: "Next to Kono, Koichi Kato had a setback. Kato waited until the last minute to announce his support for Hashimoto, aiming to play the role of Hideaki Kobayakawa [a warlord] in the most decisive Sekigahara battle. However, the battle was over before he could join."

He added: "Following Kato's loss, the former Keiseikai also suffered a setback. The incident not only robbed the former Keiseikai members of an opportunity to run an election campaign but it also cast a chill over their enthusiasm for they had not had a presidential candidate of their own for a long time."

Hashimoto Says: "I Have Fallen in Love a Number of Times"

Basically, the drive to support Hashimoto was kept alive by members opposing Kono. These supporters were not promoting Hashimoto "unconditionally." Now that Kono has "fled from the enemy," it is hard to say what will happen to this drive.

In fact, there are some problems concerning Hashimoto who is certain to become the next LDP president. One of the problems is his relationship with women.

During the post-Uno race in 1989, Hashimoto, who was one of the most probable candidates, was dragged down by the Takeshita faction to which Hashimoto belonged. The reason for "dropping Hashimoto" was his problem with women.

A LDP concerned person said: "At first, Mr. Kanemaru received a phone call from a woman saying that she was having an affair with Hashimoto. Kanemaru was taken aback and ordered Ozawa to investigate this matter. Ozawa, along with Keiwa Okuda, presented the investigation results to Hashimoto who was called to meet with them at a hotel. Some of the information that Ozawa and Okuda collected were mere rumors. Nevertheless, Hashimoto decided to forgo his candidacy."

It is well known what Hashimoto said when he talked to a group of reporters on his decision not to run for president. He remarked: "I have fallen in love a number of times in the past."

During the current campaign, there was speculation that the Kono camp, which was being pushed against the wall, would reveal Hashimoto's scandals with women as a move for its own revival.

As a matter of fact, a certain Kono camp leader said to our reporter immediately before Kono announced his withdrawal: "Have you heard of any scandal concerning Hashimoto? (giggle). Your magazine, SHUKAN BUNSHUN, is good at looking for this kind of things, right?"

Also, a close associate of Kono tried to make a weekly magazine publish an article about Hashimoto's scandal according to a political desk reporter.

For the time being, it appears that a muddy battle was avoided because of Kono's withdrawal. Nevertheless, Hashimoto supporters are calm and composed. Katsuhiko Shirakawa, one of Hashimoto's supporters and a former Miyazawa faction member, said: "Hashimoto wouldn't have entered the race in the first place if he feared problems like this would cause him to fall down."

Hashimoto's next problem is money and his ability to collect political funds. Hisayuki Miyake, a political commentator, said: "About 10 years ago, a group of

us political critics discussed who could save the LDP if it were involved in a grave scandal. We came up with three names: former Prime Minister Toshiki Kaifu, Kono and Hashimoto."

Miyake added: "Because these three politicians are not faction heads and are not that good at collecting money. This means that they are without followers and, therefore, are free from having to worry about risking imprisonment by breaking laws covering political funds. Also, these three politicians were popular among the public even though they did not hold top executive positions."

According to a political desk reporter, Hashimoto collected 850 million yen in political funds in 1993, topping the list of politicians of all parties for that year. However, "in Hashimoto's case, he reported the income in minute detail without concealing any donation."

But in Nagatacho, being a clean politician money-wise does not link him to popularity among Diet members.

Lastly, his "character" as a politician is viewed with much misgiving.

In discussing matters, Hashimoto would thoroughly knock down his opponents whether they were bureaucrats or his seniors in the Diet. There is much criticism against his argumentative and nonconciliatory attitude.

In collecting information on Hashimoto, the reporters never heard praises such as: "Hashimoto is a wonderful person."

"No Lip Service"

Shunpei Tsukahara, a former Mitsuzuka faction member, who chairs the "Group to Promote Hashimoto as President," said with a wry smile: "When we established our group to promote Hashimoto following his announcement of his candidacy, we went to inform Hashimoto of our new group. He merely said: 'Thank you. I am tired too.' However, later we heard that Hashimoto shed tears of joy after we left. He sure is amusing (laughter). We would like to see him express his joy in front of others; perhaps he is shy and not good at expressing feelings. He is a man who does not like to perform."

The followings are some of the comments describing the "true picture" of Hashimoto made by Hashimoto's friends and concerned persons.

Hashimoto is fair and nondiscriminatory. In matters concerning his work, he takes a clear-cut attitude. However, he lacks the feeling of caring, thus causing others to feel something is missing.

"As a cabinet minister, when persons were pleading cases before him, he never gave lip service," such as I will definitely see that it is done." Customarily, a person in such a position would give some 'lip service' to these petitions. However, Hashimoto would always notify the petitioners by post cards giving the results of their cases.

Recently, Hashimoto drinks whisky with water, but not a drop of beer: "After drinking, Mr. Hashimoto does not make a fuss but talks seriously and intelligently."

Hashimoto cooks food that he learned to prepare while mountain climbing. He also polishes his own shoes and washes his own clothes.

Hashimoto does not like gambling. He once made comments about his colleagues playing golf, saying: "How can a person, who is engaged in a major gamble, such as an election, play golf, and yet still be able to seize power?"

Hashimoto was once called one of the seven lieutenants of the Takeshita faction: "But he never had a real close friend. For instance, Hashimoto is the kind of person who reads a book by himself when others are talking to each other before a dinner party." Perhaps this makes others say that "Hashimoto is snobbish."

Some of the former Mitsuzuka faction members were reportedly moving secretly to support Makiko Tanaka for president. However, the move dissipated after Tanaka said she was not running. A spoiled air permeates within LDP fostering a negative mood, as if to say: "No more nonsense. We've had enough. We don't need another one like Kono."

Party Membership of Diet Members Reviewed

OW0310045795 Tokyo KYODO in English
0402 GMT 3 Oct 95

[FBIS Transcribed Text] Tokyo, Oct. 3 KYODO — The following is a table of parliamentary strength in both houses of the Diet after the death Tuesday [3 October] of Seiji Otsuka, a member of the Liberal Democratic Party (LDP) in the House of Councillors:

House of Representatives	House of Councillors
Ruling Coalition	
LDP 209	LDP 110
SDP [Social Democratic Party of Japan] 64	SDP 39
New Party Sakigake [Harbinger] 21	New Party Sakigake 3
Opposition	

House of Representatives	House of Councillors
Shinshinto [New Frontier Party] 169	Heisei Kai 68
JCP [Japan Communist Party] 15	JCP 14
Minshu-no-kai 4	Shin Ryokufu-kai 5
New Democratic Club 3	Sangiin Forum 5
Niin Club 4	
Independent Club 3	Independents 3
Independents 10	
vacancies 13	vacancies 1
Total 511	252

Note: LDP is the Liberal Democratic Party, SDP is the Social Democratic Party and JCP is the Japanese Communist Party.

Trends in Import Automobile Market Viewed

952A0650A Tokyo SHUKAN DAIYAMONDO
in Japanese 1 Jul 95 pp 23-32

[FBIS Translated Text] Mr. A, who will be 53 years old, had only purchased domestically manufactured cars until now. He had never even had the experience of visiting dealers himself and choosing between various cars. Whenever vehicle inspection time rolled around, without even saying from where he would buy it, he would just tell his acquaintance—a Toyota salesman—to find something for him, and it would be delivered right to his door.

However, because his salesman acquaintance got transferred, Mr. A set out on his own to visit various dealerships. What caught his eye in the course of that search were the imported cars, which he had previously viewed with indifference. Mr. A selected an Audi with a list price of 3.48 million yen discounted by 300,000 yen with a loan interest rate of 2.5 percent. Compared to the approximately 10 percent interest charged for domestically-produced cars, even that amount would make a difference of as much as 400,000 to 500,000 yen....

The following is another example. In the 80-year history of Yanase, an experienced imported car dealership, an unprecedented spectacle greeted one's eyes: there were light [smaller passenger] cars parked in the customer parking area. These were the cars of customers who were there to see the 1.54-million-yen Opel Vita that went on the market in March.

"In the old days young people never even went inside first-rate hotels. Now, however, students do not even give a second thought to using the Imperial Hotel coffee shop for dates. This is an indication that we have entered an era in which not only will Yanase have to operate luxury restaurants but coffee shops as well," says Yanase president Takahide Inayama.

Since last year, import car demand has begun to expand more quickly than domestically made cars, which continue to experience a slump. A look at annual unit sales reveals that the "Bubble" period peaked in 1990 and sales of pure import cars excluding the "reverse" imports of domestically-made ones reached the highest in history. However, that was an abnormal boom period in which customers would say "just give me the most expensive car."

The change this time is not just a quantitative one. Import cars had been a product that only a segment of people with a high income or car aficionados would or could purchase. That is beginning to change in a qualitative sense as well.

There is an increasing number of people who, like Mr. A, are making the switch from domestic cars. In Tokyo the share of imported cars among passenger cars is 17.7 percent (excluding light [smaller passenger] cars; from January to May). Particularly in the Shibuya, Meguro, and Suginami wards, imports account for a whopping 25 to 30 percent, second only to Toyota.

The main reason that Chiba Toyopet began selling Ford cars, according to President Motoo Katsumata, is that "even within the prefecture, imported cars will comprise as much as 15 percent of passenger cars. We do not want to let other agencies snap up this growth area."

To be sure, this purchasing style is peculiar to people living in major metropolitan areas. However, when one considers the process in which Japanese cars in the United States first began to sell in a region like California, which has a taste for "something unusual," and then gradually spread out to other, more conservative regions, this could be a foretaste of the day that import cars really take hold.

Big Three Have Gotten Serious

General Motors implemented a project code named "J2K" at its home company in Detroit from last year into the beginning of this year. The "J" stands for Japan, and the 2K is short for 2,000 (years). The objective of this project is to make an exhaustive study of "whether Japan is a market that should be seriously attacked or not."

It analyzed the fact that 1) Japan is the greatest single market in the world outside of the U.S., 2) it is the home turf of Japanese cars which have the most competitiveness, and 3) Japanese customers are the pickiest about product quality. The conclusion was that "if we can succeed in Japan, we can also succeed in any other region of the world. Therefore, it is a market into which inroads are worth making."

Already, Ford has been steadily carrying out a offensive scenario towards Japan, having moved its Asia business headquarters from Australia to Tokyo in 1989. Ford Motors-Japan acquired import rights in 1992 and in May of last year it put a blue "Ford" on the red "Autorama" sign of the Mazda sales chain.

According to Ford Motors-Japan President Hironori Suzuki, "American firms' all-out efforts began on the occasion of the visit to Japan in January 1992 by then President Bush."

In April of last year Chrysler also set up an Asian Pacific division in Tokyo and is setting out on preparation of its own sales chain along with the Sezon Group.

Says Chrysler-Japan Sales President Masaru Itogawa, "The manufacturers and ourselves are no longer thinking in terms of 'import cars.' It is a question of having a global car that can hold its own worldwide. Next year, beginning with the Neon, we will introduce three models with right hand side steering wheels."

At the Tokyo Motor Show at the end of October when the leaders of each company will visit Japan, a barrage of announcements that reveal strategies for Japan will be made.

Behind the Big Three ending up putting this much emphasis on Japan is that the three CEOs, i.e., GM President Jack Smith, Ford Chairman Alex Trotman and Chrysler Chairman Bob Eaton, are all "Global Strategists" who experienced being at the helm at European and other overseas divisions.

The strategy of the Big Three in the past had been to concentrate on the domestic (North American) market. During that period, it is a fact that their interest in doing business in Japan was slight. However, that situation has undergone a complete change. The fact that for the past several years the U.S. government has been persistently requesting that the Japanese market be opened is because of this major transformation of the Big Three.

Says a manager of a European import car company, "As long as the current U.S. top management structure continues, the Big Three's Japanese offensive will be in earnest." However, for U.S. firms, the performance

of top managers is evaluated with severity. Previously, the trends of the Japanese market had almost no impact whatsoever on the home company, but in the future if sales in Japan fail to expand, it could end up triggering a power struggle at the home company because of "having made wasteful investments."

Why Did Foreign Cars Not Sell?

"Until two to three years ago import cars were products that had a gem-like character. It was not all that necessary to sell them in great quantities. There was little change in demand even if the price became high. Instead, customers were happy because of the rarity value," reflected President Yasutaka Gesu of Sanauto East Yamato, an import car sales veteran.

In Japan, there had long been a distinction made in that volume is earned with thin profits and mass sales using domestically-produced cars and that foreign cars should be high priced with small sales quantities.

However, it is not as though the manufacturers of foreign cars were happy about that niche segregation. The essence of the automobile industry anywhere in the world is mass production and mass sales. According to Mr. Teruo Ishii, automobile management commentator, "The quarreling between sales sources of the foreign makers who want to sell in high volume and domestic import sources who place more emphasis on profit than numbers has been the history of Japan's import car industry."

Losing patience with this situation, the first ones to make a move were the European makers. In 1981 BMW created a Japanese corporate entity from a manufacturer investment that possessed import and sales rights. Subsequent to that, one major European maker after another established a similar type of company called "[company name]-Japan," and changed their sales strategy to become more manufacturer oriented.

Then it was Rover which indicated a clear mass sales preference, embarking in 1993 on a price reduction "policy of fair play."

Says Rover-Japan President Peter J. Woods, "In Japan even small cars and cars for the masses end up becoming luxury cars. We noticed that even though the "Bubble" has ended throughout the world and users are looking for true value, that this is very strange."

However, continues President Woods, "In the automobile business, it is abnormal to say you are going to lower prices. In order to do that, we did a study to persuade the main company which took two to three years." And then at the end of 1992, the EU currency system crisis occurred, and the pound experienced a sharp decline.

Deciding that "this is the only opportunity," President Woods proposed reducing prices to the home company in Britain. The home company, which had made advances in streamlining its organization by long years of restructuring approved this proposal in the space of just one week. After six months, allowing for preparation time for adjustment for users who had made purchases at the old price, it was implemented.

After this, other companies also lowered prices in a manner similar to Rover or launched low-priced models, giving rise to a price reduction phenomenon of import cars. Discounts for import cars that many users already possess is difficult. However, even makers, such as Volvo Cars-Japan Vice President Kunihide Yamaoka, who says "prices cannot be cut because the price of used cars will drop," counteracted with substantive price reduction measures such as setting low price models and providing super low interest loans. The loan interest campaign Volvo is currently implementing is the same as the official discount rate of 1 percent, which is a first in automotive history.

Of course, rather than saying that these prices declined, it should be viewed that import cars changed from "gem" pricing to ordinary "car" pricing and the excessively high prices headed in a direction of correction.

A major reason for decreasing prices on import cars is the strong yen. Nevertheless, that is not the only reason because the same trend exists with mark-based German cars which changes less against the yen as well as Volvo and Opel which are yen-based.

Toward a Streamlined Distribution Competition

The import car sales system peculiar to Japan is being pressed to change to a universal sales method that is volume oriented. In import car sales up to now, which were different from domestically-produced cars that had discord even in competition, there was a lot of management waste. There is a pressing need to make management's way of doing things more streamlined now that there is a mass sales orientation.

Beginning next year, Ford will move PDI (pre-delivery improvement) from the Mazda subsidiary and Volkswagen Audi-Japan to Nissan's subsidiary Nissan Rikuso. This has allowed a decrease of from one to two-thirds the previous expenses of approximately 300,000 yen. In order to lighten the equipment burden, it is using equipment from Nissan's old Zama plant at the service centers and has reduced costs involved in distribution and servicing by integrating them. Chrysler has also reduced its PDI expenses by one-sixth compared to five years ago.

PDI is a significant element in pushing up the cost of import cars. On European luxury cars it is not unusual to spend more than 1.0 million yen for one unit. This is because in order to sell the import car as a "gem," they may even repaint the entire car to suit the Japanese consumer who will not tolerate even minute scratches.

However, since quality improvements are advancing in the home countries and a position of pursuing quantity has been adopted, the importance of cost reduction has heightened. In this sense, import cars have lost their special quality.

Be that as it may, this is not to suggest that all import cars will end up battling on the same playing field with domestically manufactured cars. According to the character of the manufacturer, they will elect to either fight it out in mass sales, or to survive in a niche as a luxury car.

According to Takahisa Takano, general sales manager at Mercedes Benz-Japan, "Speaking from the firm's history, Benz will be forced to continue the department store style of selling. However, what has happened is that there are some import cars appearing that will enter the fray in the style of supermarkets."

The Big Three and Volkswagen clearly are trying to confront Japanese cars head-on with this supermarket style.

Import cars are not only having an influence on the former import car industry but on dealers of domestic cars as well. Even in the past, there were numerous times that domestic dealers had sold import cars. However, most of those were dealing through affiliated makers. However, starting last year was a phenomenon in which import car makers and domestic dealers tied up on their own.

Ford was the one that initiated this movement. In May of last year, Nissan-affiliated dealers and in November Toyota-affiliated dealer Chiba Toyopet began selling Ford cars.

Subsidiary Ford Tonichi which got its start in May of last year is having a difficult time, according to President Toshio Nakano. "There are no users currently owning those cars in the market, so the going is tough." The pace of monthly sales is 15 to 16 cars. The average per dealer for general dealers does not even total 25 cars, so it is even less than the target of 20 units.

If it were old familiar Nissan cars that they were used to selling, there is already a cache of customers, but import cars must start from zero. Not only is cultivation of customers difficult, so is the aspect of income. Among the rough profit of the average domestic dealers, the

ratio of new car sales is about 45 to 47 percent. The remainder is made up of used cars and fees for vehicle inspections, maintenance, loans, insurance, registration, etc., which have also become sources of income. In the sales of import cars which just got started, there is no accumulation of former customers to generate those fees.

The surrounding dealers are keeping an eye on whether dealerships that were first to try selling import cars will make a profit or not. If over this next year there is no sign of future profitability, dealers that have been trying to hang on will balk," says president Nakano.

The way of selling will also differ from the past. Import cars will not adopt the sales method of pushing, in which the salesman goes out to the customer the way it is done with domestic cars. Rather, they will sell by pulling in customers to their dealerships. That is due to the fact that import cars will be sold on the appeal of the product itself in contrast to domestic cars (particularly Toyota and Nissan) which sell by the personal relationship formed between the customer and the salesman.

Autorama, which is Ford's wholesale agent, is also groping for a method to break this. Says managing director Tomotoshi Ono, "Initially, our thinking was erroneous. Because the dealers who started out being domestically affiliated all had a lot of strength, we were leaving the sales method up to them. In the future, though, we will place emphasis on communicating the sales method by on-the-job training."

There are few dealers that one hears about who are making money as the rapid increase on the whole of import cars would seem to indicate, and not just those entering as domestic makers.

Discounts Will Also Become a Factor

There are several reasons why import cars have so much difficulty. For one thing the number of dealerships is increasing with a vigor that exceeds the expanding unit sales quantities. There are many per dealership unit sales figures that are even lower than they were five years ago.

Further, declining prices are also keeping the increase in dealer earnings down. It is said that for both domestic and foreign cars there is almost no difference in the dealer wholesale price with respect to the list price. Yet, the list price of import cars was high and the profit margin was high. Also, for domestic cars, whose profits were compressed because a price war was carried out for sales expansion, there was little discount for import cars with their low volume sales.

However, by makers taking the lead in import car sales, the situation has completely changed. Price drops mean

that dealer earnings also decrease. Further, in order to expand sales, discounts on import cars is now something that demands consideration.

There is a reason that domestic car dealers can survive even after fierce price wars: the sales incentives provided by manufacturers. Aiming to boost sales of certain models in certain regions, incentives are used to achieve target unit numbers. These incentives are rare in the case of import cars. That is making the profits for import car dealers less for the short term.

Of course, these incentives have generated a unit quantity supremecism and are becoming a cause for this dealer management structure to become inappropriate for the long term. Although cars will sell while the incentives are in place, the down side is that the number of units sold declines the instant they are gone.

Even among dealers of import cars, there is a negative view, as exemplified by Autorama managing director Ono: "Incentives are a narcotic. Unless the dosage is strengthened they lose effectiveness and the body (dealer management) will end up in a shambles." Nevertheless, on the other hand, makers have appeared who have slapped on incentives in order to win a temporary gain in unit sales. Sales of imports in March had grown 36.6 percent compared to the previous year, but in April were confined to a 9.9 percent increase. Sales increased in March when many incentives were in force, and then stalled in April when they expired, which is exactly the same as the domestic car pattern. It is evidence that the incentive syndrome has penetrated considerably into import cars as well.

Import car makers are being compelled to choose between biting the bullet in order to build a sound long-term economic foundation even though dealers will have it rough for the short-term or to follow the maxim of "when in Rome, do as the Romans do."

The Handicap of Those Newly Entering the Market

Import cars carry the burden of yet another definite handicap. This is the fact that import cars are late-comers to the game.

Many domestic car makers completed their expansion of dealerships nationwide during the 1970's and 1980's. The sooner they set up dealerships, the cheaper they were able to obtain land. Conversely, the later they are the more difficult it is to set up stores and management is tough due to the investment burden. In the cities, new establishments are exacting not only because of land prices but due to regulations as well. Service centers that are established along with the dealerships cannot easily receive approval in residential areas and commercial areas.

The reason Volkswagen purchased Jax, which had been selling French cars since 1993, for the enormous sum of 3 billion yen was to secure dealerships in the metropolitan area.

In the 1980's when European import cars expanded their dealerships, there were many entering the market from different businesses who were having difficulty with employment methods but had land due to the boom in business diversification. However, the passing of the "Bubble" period has seen an acceleration in the withdrawal by those newly entering the market.

At the current time when expansion of these dealerships has become painful, the focus of new dealerships is the domestic car dealers. There is an aim on the part of the domestic dealers to enter the import car market as a new venture to employ the surplus dealerships and employees that had been put on during the "Bubble" period. Actually, this is another place where there has been change. Says Rover-Japan President Woods, "In future the ones we want to become dealers are not companies from different business areas like Mitsukoshi. We really would prefer the participation of the domestic dealers."

Until now import car makers have strictly adhered to the dedicated sales system. This was due to the fact, according to Vice President Yamaoka of Volvo Cars-Japan, that "it was difficult to communicate the intentions of the makers unless there were dedicated sales in order to set forth the special features of the product," since they had been sold as niche products.

However, joint sales makes launching import car sales easier for domestic car dealers, who want to hold down investment.

Toyota's Duo dealer began sales of Volkswagen, and President Motoo Katsumata of Chiba Toyopet, which will begin sales of Fords at the end of next year, has the following long-term plan.

"Dealerships will have to be rebuilt in 20 years. In the future, when each successive dealership is rebuilt, the first story will house Toyopet, the second and third stories will be a Ford or a Volkswagen dealer, so they will become combination stores."

These changes are scheduled to be made on the occasion of rebuilding dealerships. Until then, initial investment is being kept down through the joint sales method in which import cars are sold side by side with domestic cars. Four out of five Ford dealerships that have been built up to now are the joint sales type, and remodeling of the one dedicated sales dealership was kept to a minimum. Says President Katsumata, "Import car companies issue orders to do things this or that way concerning store design and layout. Then they hand

you a manual that was created in the home country. This tendency is particularly strong for the European cars. We want them to leave the method of building the dealership and method of selling up to the dealers who are familiar with the local areas."

Domestic dealers, different from companies of other business types, rarely have trouble concerning land, personnel, etc. However, new investment must be kept down as much as possible in the current management climate. Even at the time that Japanese cars penetrated overseas, the method they employed was to initially have their cars placed in one corner of a dealership to be sold along with other brands, and as the number of units sold increased, they were changed to dealerships that were dedicated to that one brand.

Based on this fact, a change is occurring in that "up to now, we have been bound by strict rules that even governed the shape of the building. However, from now on I think dealers will have flexibility so that they will get by without having to make excessive investment. This is because the most important thing in order to increase the number of dealers is for them to first of all be able to make a profit," says Volkswagen Audi Nippon President Mitsuru Sato.

A Chance To Alter Japan's Closed Nature

Amid import cars trying to break free from niches, there will be successive moves in the future to find new ways to pull in domestic car dealers. Nevertheless, entering the market in earnest after the market has already become saturated is becoming a significant handicap for import cars.

Yanase President Inayama says, "For too long Japan has continued a policy that was protective of domestic cars. Although the protection is finally gone and foreign makers are trying to enter the market, the situation is that all the seats are already taken."

The tariff on import cars was abolished in 1978. Yet it was only in 1989 that the discriminatory difference in tax and insurance fees between three number (ordinary cars) and five number (small cars), which was a substantive obstacle for entry of import cars into the market, was eliminated.

Says President Woods of Rover-Japan, "If I were to employ the same costs and human resources in the United States I could probably sell three times the amount I can in Japan. This is how the situation has evolved during more than 30 years of Japanese regulations. While I am opposed to Mr. Kantor's way of doing things when he applies pressure by holding up the threat of sanctions, I sympathize with his anger about how closed Japan is."

On the systemic aspect, there are few things to impede the entry of import cars as the Japanese side asserts. However, the nonsystemic closed nature is still deeply rooted.

Nowadays, contractually, manufacturers cannot say anything about nor is there any need for advance deliberation concerning domestic car dealers starting to sell import cars.

Be that as it may, dealers who have been selling only domestic cars for many long years give consideration to manufacturers and have strong misgivings about stepping into unknown territory. One young president of a domestic dealer says, "Even assuming that we knew that profit could be made from import cars, we are not very anxious to sell them. I may be called old-fashioned, but there is a sense of obligation toward manufacturers..."

Haruyoshi Fukuda, vice president of Japan General Motors, who once developed the European market for Nissan, makes the following point.

"In Japan, manufacturers have tied the dealers' hands. That is why even among domestic makers there is almost no case of a change in dealer managers. On the other hand, the reason Japanese cars were sold overseas is that even in Europe, those dealers who thought the cars would sell made an autonomous decision to sell and immediately did so. This is in spite of the fact that it does no good to say that Japan and overseas are separate..."

In the Toyota era, president of Ford Motor Japan Hironori Suzuki, who developed the U.S. market, says the following:

"Japan's domestic dealers have fallen into a situation in which various elements must be changed now that the market has become mature. Fortunately, since the things that must be changed are being pointed out by the United States, it would be a good opportunity for change. Japanese manufacturers do not try to change. I think that a dislike of change is an indication that the industry is aging."

Will Japan's automobile distribution be able to change on the occasion of the import cars? Its fate will be clear if it cannot.

Directors of the leading domestic manufacturers worry about this. "Naturally the export situation will become increasingly harsh due to the rising yen, but even scarier is for a flood of inexpensive foreign cars to come into the country."

Once, Japanese cars were in a situation where there was an advantageous exchange rate, they were able to

enter the U.S. market at low prices that could have raised doubts of dumping, laid waste to the European competitors who had been their seniors in imports and eventually seized market share from the Big Three. The exact opposite of that is about to happen in the near future.

In Japan for eight years, President Woods of Rover-Japan, reads the share as 20 percent of registered passenger cars, the maximum scale of Japan's import car market. The breakdown is 10 percent each for reverse import cars of the Japanese automakers and foreign brand import cars (pure import cars). If the competitiveness of Japanese makers were to fall more than expected, it is anticipated that the share of pure import cars could even reach 15 percent.

If that happens, five years from now if the market scale of registered passenger cars is 3.7 million units, 15 percent would mean 570,000 units. This would correspond to 2.7 times last years' record of 210,000 units (a 6.2 percent share).

Further, by last years' results, the future planned unit number of eight brands that have an import record in excess of 10,000 units annually will reach as much as approximately 900,000 units.

Consequently, the expected value of total pure import cars that include the other foreign manufacturers will be 1.0 million units or a market share of 26 percent. This level, viewed from the import car share of the leading car producing nations is still at a low level (U.S., 37 percent; Germany, 37 percent; England, 55 percent; France 40 percent).

In order for pure import cars to expand their share in the Japanese passenger car market to 10 percent, 15 percent, 26 percent, marketing that incorporates the following three stages will be necessary.

1. Setting the same level of cost and performance as domestic makers (by 1995).

The segment of the population that buys import cars as a mere luxury item only amounts to about 1 percent of the passenger market. The fundamental condition for acquiring a 10 percent share is to have the same level of product competitiveness as domestically made cars. Product competitiveness, in sum, consists of the three elements of performance, quality and price. For the consumer, it could be called cost and performance (cost versus performance). Germany's luxury passenger car Benz and BMW are ahead of Japanese cars in quality and performance. However, the remaining element of cost is too high.

It was during the 1990s that other European and American cars almost reached the same level as Japanese cars in the three market entry conditions, and especially in terms of price competitiveness, in 1994 when the yen approached 100 yen in the dollar yen market they reached the stage where they finally entered the selection range of the Japanese consumer.

However, according to the "Emergency Study on the Situation of the Penetration of the Benefits of the Strong Yen" recently made by the Economic Planning Agency, import cars have a small range of marginal profit return. In order to increase market share, import car makers must further reduce the internal and external price difference vis-a-vis Japan.

In either case, before debating the closed nature of the Japanese market with respect to imports, foreign makers should set cost-performance to the Japanese car level for the consumer. If they do that, they can obtain a 10 percent market share.

2. Improving conditions for expanding sales (by the year 2,000).

The strategic elements that determine car sales volume are the five items of product lineup, price, sales promotional advertising, distribution routes, and aftermarket service. Entering the 1990's, while product and price are reaching a level at which they can wage a well-matched fight with Japanese cars, the sales service system is still in the process of development.

Consumers require a fundamental product selectivity and high-quality, prompt aftermarket service. Except for a segment of affiliates, the current stage of import car sales channels is of offering a place for product selection, in other words hastily trying to maintain quantities in the showrooms.

To provide a convenient aftermarket service for customers, 500 service centers nationwide and 300 showrooms are necessary for a 100,000 unit new car sales plan.

To that end, they must build parts depots (supply bases), vehicle depots, and a distribution network, so several tens of billion yen in infrastructure investment will be necessary.

In the 1980's, many European and U.S. makers disliked these advance investments. Viewed from the overseas business division of European and U.S. makers, the Japanese market is nothing more than one of their many overseas markets, and the business risk in taking up the challenge was too large to invest in Japan's automobile distribution market which is the stronghold of the mighty Japanese car.

However, the situation has changed dramatically. Just as Japanese cars were rescued by the "Divine Wind" of the shift of consumers to a small car market from a full-size market due to the two oil shocks when they arrived in the U.S. market, right now there is a "Divine Wind" in the form of the rising yen that is blowing in favor of European and U.S. cars. Even if prices go down, they will be sitting pretty.

What is clear is that at the 80 yen per dollar level there is a total of a nearly 40 percent difference between the domestic and overseas prices with the current sales price of European and U.S. cars, excluding their leading products. For a 3.0 million yen car, approximately 1.2 million should be usable in promotion and infrastructure investment. There is the strategy question of whether to pass this on to the consumer through the price or to use it for systemic improvement to promote sales.

If the top management of import car makers and Japanese local corporate entities are wise, they will complete infrastructure investment during this heaven-sent time when Japanese makers are unable to employ a low price strategy due to the strong yen and lateness in restructuring. That is the key to an import car share of 15 percent.

3. The world of import car sales at the 1.0 million unit level.

In order to obtain a share of the Japanese passenger car market in excess of 15 percent, stages 1 and 2 above alone are inadequate. There is no guarantee that the double digit high yen rate will continue forever in the exchange market. Naturally, an operating scale that can withstand fluctuations in demand and the foreign exchange markets will become necessary. That is the world of 1.0 million units and 25 percent share.

Therefore, establishment of a competitive strategy that responds to the strengths and distinctive qualities of each maker upon which a strategy development is based will probably be needed. Competition between automakers also, if it comes down to it, will employ either of the three strategies of price, discrimination and niche, or a combination of those.

The luxury cars of Benz, BMW, Volvo, etc., are focussed on the niche segment, but GM, Ford, Chrysler, etc., should attack the market with a low cost strategy. Rover, VW, Peugeot, Citroen, etc., should probably adopt a strategy of discrimination by distinguishing features that are recognized by the customer.

While European and U.S. import car brands are progressing with improvement of conditions 1 and 2, after the year 2,000 they should increase their investment efficiency, clarifying whether they will place a strategic

target on the industry as a whole, restrict themselves to a niche segment, or do battle with prices in terms of market strategy.

The niche strategy group is in the process of completing systemic improvements with a domestic and foreign margin difference that has already extended over as long as 10 years. The next task will be to pursue a mass sales effect by shrinking the difference between domestic and foreign prices. The discrimination group will not be able to grow if it does not succeed in discrimination with its competition through a high level of total customer satisfaction (CSI) and not just satisfaction in the service sector.

The low price strategy group's target market is all consumers, and it will not be able to sell 200,000 units per maker if it cannot expand its dealership networks in every conceivable place in districts nationwide and realize a relatively low price compared to Japanese cars. For that purpose, the key to success will be how low cost a distribution channel they can build. For this group, brands that raised the sales level up to the minimum production volume of local (Japan) production and local sales in preparation for the future time when the yen drops will remain undefeated.

Japanese automakers should indicate more than enough understanding of the sales expansion efforts of import car makers in the Japanese market of the future, even for the purpose of securing their continuous export markets out of the fact that they themselves possess a certain share in the markets of these import automakers' mother countries.

NTT Wants Global Competitiveness Deregulated

*OW0310053795 Tokyo KYODO in English
0501 GMT 3 Oct 95*

[FBIS Transcribed Text] Tokyo, Oct. 3 KYODO — Nippon Telegraph and Telephone Corp. (NTT) has asked the government to further deregulate telecommunications so that the firm has a chance to stay competitive in global markets, a spokesman at Japan's telecommunications giant said Tuesday [3 October].

"We have asked for the wall between international and domestic telecommunications businesses to be pulled down. Deregulation is vital if we are to keep up with our competitors," the spokesman said.

The company submitted a request for a revision of the NTT law to the recent meeting of the subcommittee on deregulation under the administrative reform committee, he said.

The NTT law in effect prohibits Japanese and overseas telecommunications firms from entering each others' markets.

The spokesman said the company is not yet thinking of entering overseas telecommunications markets, but he implied that it will be ready to do so when the go-ahead is given.

"We are enthusiastic about linking telecommunications on a global basis, and actively boosting the infrastructure in the Asian region," he said.

Turbin Deal Expands Anglo-French Links in Asia

*MS0310105095 London FINANCIAL TIMES
in English 3 Oct 95 p 6*

[Report by Gerard Baker in Tokyo, and John Ridding in Paris: "GEC Alsthom And Mitsui In Turbines Link"]

[FBIS Transcribed Text] Mitsui Engineering and Shipbuilding of Japan yesterday formed an alliance with GEC Alsthom, the Anglo-French company, aimed at increasing their share of contracts for power generation in the rapidly expanding east Asian market.

The two companies signed a technology licensing contract which highlights Mitsui's ambitions to expand its influence in power generation following its purchase last month of a majority stake in the energy division of Babcock International, the British boiler and turbine maker.

GEC Alsthom, the power, transport and engineering group jointly owned by Alcatel Alsthom of France and General Electric Company of the UK, hopes the Mitsui connection will strengthen its presence in Japan and other Asian countries.

Under the 10-year contract, Mitsui will use GEC Alsthom's technology to manufacture steam turbines with an output capacity of 150MW or less, while GEC Alsthom will be able to expand its medium-sized turbines business in Japan and Asia.

The deal with Mitsui was viewed by industry observers as a significant alliance which would raise GEC Alsthom's presence in medium-sized power stations.

"This is an important section of the market where it is useful to have entrenched partners," said one engineering analyst.

"The business and technical record of Mitsui will complement GEC Alsthom's already strong presence in the region," GEC Alsthom said yesterday.

Steam turbines account for about one-quarter of activity in GEC Alsthom's power generation business, the group's largest division with sales of Ecu4.04bn [Eu-

ropean Currency Unit] (3.32bn) last year. They are regarded as a particularly important area of the market, because they often lead to contracts for power stations.

Some of the group's biggest contracts have come from power generation in Asia, particularly in China. Earlier this year, GEC Alsthom was selected to supply two 1,000MW steam turbines, generators and related equipment for a nuclear station at Ling'au, in the province of Guangdong. It also supplied the turbines and other conventional equipment for the 2,000MW nuclear station at the nearby Daya Bay complex which was inaugurated last year.

The company is seeking to achieve more than one-third of its sales in the region by 2000. Last year, the Asia Pacific region accounted for about one-quarter of total group sales of Ecu8.98bn.

The Asian power market is of particular importance for the group because of difficult conditions in some of its other businesses. Although it has just announced an increase in net profits from Ecu308.3m to Ecu329.4m in the year to the end of March, it said trading conditions were difficult and competition had intensified.

North Korea

Paper Condemns Strengthening of Alliance

*SK0110094895 Pyongyang KCNA in English
0813 GMT 1 Oct 95*

["Three-Horse War Chariot at Gallop" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 1 (KCNA) — The military bosses of the United States, Japan and South Korea have frequently put their heads together over the strengthening of "their cooperation in defense."

In a commentary NODONG SINMUN today says that with the cold war put to an end, most of the countries stand opposed to the formation of a new military bloc, but the U.S., Japan and the South Korean puppets are seeking the revival of the three-way military alliance aimed at aggression and reinvasion.

The paper further says:

It is an invariable design of the United States to execute the Asia-Pacific strategy and the Korean strategy, an important link of its chain.

The U.S., which formed the three-way military alliance, intends to execute the strategies on its basis.

Meanwhile, the Japanese reactionaries want to reinstate Korea and launch overseas expansion with the backing

of the U.S., while the South Korean puppets hope to remain in power indefinitely in return for leaving South Korea as a springboard of the U.S. and Japan for their aggression.

The triangular military alliance has been revived with the Japanese "Self-Defense Forces" being provided with access to South Korea.

The Japanese reactionaries decided to send a warship of the maritime "SDF" to South Korea in next April under the pretext of a "return call" after a South Korean puppet fleet called at Tokyo port last year. This makes it possible for the South Korean puppets and the Japanese reactionaries to openly mobilize combat forces for joint military operations as it is done between the U.S. and South Korea and between the U.S. and Japan.

The military operational commanding system of the U.S., Japanese and South Korean Armed Forces has already been established and a "joint operation plan" worked out allegedly to cope with a "contingency" in the Korean Peninsula. The three-way military alliance is operating now with its danger getting serious.

Our people are keeping heightened vigilance against their moves to revive the three-way military alliance.

The U.S., Japanese reactionaries and the South Korean puppets must clearly know that they will get nothing with such moves.

Kim Yong-sam's Armed Forces Speech Denounced

SK0310085795 *Pyongyang Korean Central Broadcasting Network in Korean 1225 GMT 2 Oct 95*

[Commentary by Kim Ho-sam: "Provocative Remarks Reversing Black and White"]

[FBIS Translated Text] The South Korean puppets are making bellicose remarks seriously agitating us. According to radio reports from Seoul, traitor Kim Yong-sam appeared at the Armed Forces Day ceremony on 1 October and raved that the next two to three years will be an important turning point for national security, that the Armed Forces should closely watch all moves of the North and assume a firm posture to quickly and effectively react to any contingency, and that combat abilities should be strengthened.

On the same day, the puppet defense minister Yi Yang-ho appeared on television and babbled that the North is increasing military exercises and continuing attack exercises in places with terrains similar to those in South Korea, and that the Armed Forces should exert their effort to strengthen the combat posture in order to maintain the Armistice Agreement and reduce the possibility of a provocation by the North.

The remarks of traitor Kim Yong-sam and the puppet defense minister are extremely provocative remarks reversing black and white. We cannot remain silent at the provocative remarks by the South Korean puppets. As everyone knows, in April 1994 we proposed to establish a new peace-guaranteeing system for detente on the Korean peninsula. Until today, we have made every effort to realize the proposal and taken various implemental measures. The public opinion at home and abroad supports and welcomes our effort as a practical safeguard to prevent the reinforcement of arms and recurrence of war, and to guarantee mutual peace on the Korean peninsula.

The South Korean puppets are responding opposite to our peace-loving effort. The puppet defense minister Yi Yang-ho babbled as if the South is trying to maintain the Armistice Agreement, but this is nonsense. It is unrealistic to discuss maintaining the Armistice Agreement on the Korean peninsula today. As the entire world knows, the current Armistice Agreement of Korea is a defunct empty paper due to the systematic destruction by the United States. The Neutral Nations Supervisory Commission, the implementation organ, has also become nominal. Thus, the Armistice Agreement of Korea is not conducive at all to guaranteeing peace on the Korean peninsula.

It is ridiculous to talk about maintaining such an agreement. Furthermore, who is the one violating the Armistice Agreement? The Armistice Agreement of Korea stipulates that either parties should not conduct military activities that create a risk of war to the other. The South Korean puppets, in conspiracy with foreign forces, are continuing war exercises against us. This year, the puppets again conducted with foreign forces the Ulchi-Focus Lens exercise, a duplicate and extension of the Team Spirit nuclear war exercise, to invade our Republic at any moment, driving the situation to a brink of war.

The Armistice Agreement also prohibits the deployment from outside the Korean territory of all operational equipment and materials that are used to destroy peace and security on the Korean peninsula. At this very moment, the South Korean puppets are bringing in massive military equipment and materials from the United States into the DMZ along the Military Demarcation Line, and continuing a grave military provocation against our side. The puppets are even conducting parachuting exercises for special forces using armed helicopters along the Military Demarcation Line to infiltrate deep into our area. How can they talk about abiding by or maintaining the Armistice Agreement?

Facts show that the ones who destroy peace and security in Korea and create a risk of a new war are nonetheless the Kim Yong-sam war maniacs, who join hands with foreign forces. The Kim Yong-sam ring is an unparalleled group of nation's traitors, who have become war servants of foreign forces to harm compatriots and who are anxious to kindle the fuse of war. Our people and the People's Army are alert and watching every move of the Kim Yong-sam ring, which is running amok in arms reinforcement and war exercises and which is aggravating the situation. The Kim Yong-sam ring should stop acting foolishly like a puppy knowing no fear of a tiger. Provokers against us will be repaid with thousands-fold of retaliation.

South President Kim Yong-sam's Remarks Viewed

*SK0310051995 Pyongyang KCNA in English
0456 GMT 3 Oct 95*

["S. Korean Puppets Advised Not To Run Riot" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 3 (KCNA) — The traitor Kim Yong-sam in a "commendation" at an "event marking day of the ROK army" on October 1 cried that "the army must be fully ready to cope quickly with any occurrences," picking a quarrel with the North, a Seoul-based radio reported.

On the same day, the puppet Defence Minister, Yi Yang-ho, made a radio speech in which he cried for the "full combat preparedness" of the puppet army under the pretext of "military training in the North and its military buildup."

The powder-reeking outbursts of the puppets reveal their criminal intention to kindle a war on the Korean peninsula and gratify their ambition for "unification by prevailing over communism" by force of arms.

In the "commendation", the traitor Kim Yong-sam said that "defence budget for next year would be drastically increased to radically improve the morale and wellbeing" of the puppet army. This is also motivated by the intention to incite a war fever against the North.

The bellicose Kim Yong-sam group are now running headlong along the road of war with outcries for "full combat readiness". This is an unpardonable treacherous act to plunge all the fellow countrymen into a holocaust.

The puppets must not run riot, mindful that there is no mercy in war.

Visiting South Students Attend Meeting

*SK2909234595 Pyongyang KCNA in English
1023 GMT 29 Sep 95*

[FBIS Transcribed Text] Pyongyang, September 29 (KCNA) — A meeting was held at Pyongyang Koryo Hotel on Wednesday between Chong Min-chu and Yi Hye-chong, delegates of the South Korean Federation of General Student Councils (Hanchongnyon) under the South side headquarters of the National Alliance of Youth and Students for the Country's Reunification (Pomchonghangnyon,) and student representatives of various provinces.

Choe Chong-nam, director of the joint secretariat of Pomchonghangnyon, was present there.

Student representatives of South Pyongan Province, North and South Hamgyong Provinces and South Hwanghae Province took part in the meeting.

The students of the North and the South warmly greeted each other with great joy of meeting.

They informed each other of the situation of the independent exchanges which have been carried on between universities under the Korean Students Committee and South Korean organizations — the former National Council of Student Representatives (Chondae-hyop) and Hanchongnyon — after the formation of Pomchonghangnyon and exchanged views on their measures and methods in the future.

South Students' Activities During Visit

Visit Pomchonghangnyon's Center

*SK3009052895 Pyongyang KCNA in English
0444 GMT 30 Sep 95*

[FBIS Transcribed Text] Pyongyang, September 30 (KCNA) — Chong Min-chu and Yi Hye-chong, delegates of the South Korean Federation of General Student Councils (Hanchongnyon) under the South side headquarters of the National Alliance of Youth and Students for the Country's Reunification (Pomchonghangnyon), visited the North side headquarters of Pomchonghangnyon on Friday.

They were accompanied by Choe Chong-nam, director of the joint secretariat of Pomchonghangnyon.

They were warmly met by Kim Yong-to, director of the secretariat of the North side headquarters of Pomchonghangnyon, and members of the headquarters.

The delegates were guided in the building of the headquarters.

And the delegates conversed with presidium members of the headquarters and other members.

Chondoists Back Tomb Visit

*SK0110104595 Pyongyang KCNA in English
0819 GMT 1 Oct 95*

[FBIS Transcribed Text] Pyongyang, October 1 (KCNA) — A spokesman for the Central Guidance Committee of the Korean Chondoist Association released a statement Saturday supporting the struggle of the South Korean Federation of General Student Councils (Hanchongnyon) for a visit to the tomb of King Tangun on October 3.

The statement said:

"After youths and students in the North, the South and overseas decided to visit the tomb of the father of the Korean nation on October 3, the National Foundation Day, Hanchongnyon has actively struggled to this end. This is the moral obligation of Tangun's descendants to pray for his soul on the foundation day of ancient Korea."

Voicing full support for their struggle, the statement further said:

"The struggle of youths and students in the North, the South and overseas for a visit to the tomb is a very just action to put an end to the tragedy of national division, well aware that the Korean people are a same nation with Tangun as its father. But the Kim Yong-sam group are barring Hanchongnyon Students from visiting the tomb at the point of bayonet.

"They have cried for 'improvement of inter-Korean relations' on every opportunity, while intensifying persecution and suppression of pro-reunification patriots and ruthlessly cracking down on such patriotic movement for reunification as a visit to the tomb. This is nothing but a third-rate drama fooling the nation.

"All the people who hope for the unity of the nation and the reunification of the country must pool strength and categorically reject the traitor Kim Yong-sam group's suppression and policy of division and confrontation."

The statement expressed the belief that Hanchongnyon students will surely visit the tomb and make a positive contribution to promoting national reconciliation and unity and providing a shortcut to the reunification in the '90s.

Students Visit Tomb

*SK0310012795 Pyongyang KCNA in English
2306 GMT 2 Oct 95*

[FBIS Transcribed Text] Pyongyang, October 2 (KCNA) — Korean youths and students from the North, South and overseas under the National Alliance of Youth and Students for the Country's Reunification (Pomchonghangnyon) visited the tomb of King Tangun, the ancestral father of the Korean nation, today on the threshold of the national foundation day (October 3).

The tomb excursion team members cherished deeper in their mind the pride and honor of being descendants of the nation which has created its history of 5,000 years and brilliant culture in one territory with the same blood, and renewed their firm determination to become the vanguard in the struggle for putting an end to the tragedy of national division and bringing earlier reunification of the country.

The visit was made under the decisions of the meeting of co-chairmen of Pomchonghangnyon in April and the first meeting of the Pomchonghangnyon Central Committee in August, at which it was decided that youth and students in the North, South and overseas would make a joint trip of the tomb on the occasion of the national foundation day.

The team included central members of the North side headquarters of Pomchonghangnyon and delegates selected from universities and colleges in Pyongyang, Chong Min-chu and Yi Hye-chong, delegates of the South Korean Federation of General Student Councils under the South side headquarters of Pomchonghangnyon, a delegation of the overseas headquarters of Pomchonghangnyon led by Vice-Chairman of the C.C.[Central Committee], the League of Korean Youth in Japan Cho Son-o and Vice-Chairman of the South Korean Youth League in Japan Yi Chong-su, who are co-directors of the secretariat of the overseas headquarters, the members of home-visiting groups of students of Korean University under the General Association of Korean Residents in Japan, and Director of the Joint Secretariat of Pomchonghangnyon Choe Chong-nam.

They were briefed on the tomb of King Tangun which was splendidly built as the nation's historical wealth under the noble intention of the great leader President Kim Il-song and the great leader Comrade Kim Chong-il to honor the long history and homogeneity of the Korean nation and their wise leadership. And they saw the monument to the reconstruction of the tomb of King Tangun, stone sculptures and the coffin compartment with keen interest.

After the visit, youth and students from the North, South and overseas expressed their firm determination to terminate national division and achieve the reunification of the country which brooks no further delay, cherishing deeper in their mind the pride and honor of being members of the Korean nation, whose father is King Tangun. And they spent a pleasant time, singing and dancing, mixed with each other.

Report on Meeting

SK0310013095 *Pyongyang KCNA in English*
2313 GMT 2 Oct 95

[FBIS Transcribed Text] Pyongyang, October 2 (KCNA) — The National Alliance of Youth and Students for the Country's Reunification [Pomchonghangnyon] met today at the tomb of King Tangun, the ancestral father of the Korean nation, in Kangdong County, Pyongyang, to vow to realise independent exchange for reunification by confederacy formula in the 90s.

Present there were students in the North, the South and overseas, who are members of the tomb excursion team of Pomchonghangnyon.

A solidarity address the South side headquarters of Pomchonghangnyon sent to the meeting was read out. It calls for uniting all youth and students in North, South and overseas so that the excursion may mark an occasion in a mid-term review of the fight for independent exchange and help toward safe return of the southern delegates Chong Min-chu and Yi Hye-chong.

The meeting first focused on the significance of the struggle for excursion to the tomb on October 3.

The delegate of the North side headquarters of Pomchonghangnyon mentioned this matter in his speech, saying:

"More keenly feeling that no matter how high the barrier of division may be, there is no barrier impossible for us to cross, we declare with pride that the struggle of Pomchonghangnyon for independent exchange will emerge victorious.

"Only victory and glory are in store for our Pomchonghangnyon."

The speaker called upon youth and students to turn out in a powerful struggle for reunifying the country by confederacy formula based on one nation, one state, two systems and two governments as descendants of the Tangun nation.

Then, the meeting reviewed Pomchonghangnyon's fight for independent exchange.

A document on the fight was published at the meeting. It calls for pulling down the barriers of division through independent exchange and making full preparations to live as the masters of the new age of reunification, at this time when a great change is taking place in the history of the nation and the youth and students must have stronger fighting spirit and ideas for the future.

A resolution of Pomchonghangnyon on the fight for independent exchange for reunification through confederacy in the 1990s was read out at the meeting.

"We will fight to reunify the country through confederacy in the 1990s and realise independent exchange for great unity of the whole nation, which is the core of national reunification," says the resolution. "We will combine the fight for reunification and independent exchange with the fight for the abolition of the anti-reunification 'National Security Law.'"

Farewell Party Given

SK0310050095 *Pyongyang KCNA in English*
0443 GMT 3 Oct 95

[FBIS Transcribed Text] Pyongyang, October 3 (KCNA) — The North side headquarters of the National Alliance of Youth and Students for the Country's Reunification (Pomchonghangnyon) gave a farewell party here on Monday for Chong Min-chu and Yi Hye-chong, delegates of the South Korean Federation of General Student Councils (Hanchongnyon) under the South side headquarters.

Present at the party were the members of the North side headquarters of Pomchonghangnyon and chairmen of student committees of universities and colleges under the Korean Student Committee.

Chairman of the C.C. [Central Committee], the League of Socialist Working Youth of Korea Choe Yong-hae, Director of the secretariat of the Committee for the Peaceful Reunification of the Fatherland Paek Nam-chun, Director of the joint secretariat of Pomchonghangnyon Choe Chong-nam and a delegation of the overseas headquarters of Pomchonghangnyon led by Vice-chairman of the Central Standing Committee of the League of Korean Youth in Japan Cho Son-o and vice-chairman of the South Korean Youth League in Japan Yi Chong-su, who are co-directors of the secretariat of the overseas headquarters, were invited there.

Addressing the party, Ho Chang-cho, chairman of the North side headquarters of Pomchonghangnyon, said that the Hanchongnyon delegates have become very familiar with people in the North and exchanged feelings of deep love with them.

"It is the greatest happiness in one's life to enjoy special love of the nation," he said. "Chong Min-chu and Yi Hye-chong have won this with their warm love for the nation and through their devoted activities for the country."

They have made a big contribution to demonstrating the proud looks of Hanchongnyon, invincible patriotic ranks, and Pomchonghangnyon, the vanguard of national reunification, which are shaping the destiny of the nation in the van of the struggle for independence, democracy and reunification, he stressed.

Chong Min-chu, a delegate of Hanchongnyon, said in her speech: "When I departed from the South I felt pains at the fact that I had to pass alien lands to visit the North. Anyhow, I cannot take this course again on my return home and will go back on foot in my motherland."

She said that she met dear brothers and sisters and parents wherever she went in the North, and had a large number of new comrades.

"It might be not only one million fellow students and dear parents but also the "National Security Law" and anti-reunification forces who are waiting for us going back to the South," she said, and declared:

"Though there may be a thorny road ahead of us, we will fight more vigorously. This will be a stage of our struggle for the reunification of the country."

SPA Chairman Meets Hanchongnyon Delegates

SK0110103395 *Pyongyang KCNA in English*
0807 GMT 1 Oct 95

[FBIS Transcribed Text] Pyongyang October 1 (KCNA) — Chairman of the Supreme People's Assembly [SPA] Yang Hyong-sop on Saturday met and conversed in a compatriotic atmosphere with Chong Min-chu and Yi Hye-chong, delegates of the South Korean Federation of General Student Councils (Hanchongnyon) under the South side headquarters of the National Alliance of Youth and Students for the Country's Reunification (Pomchonghangnyon,) at Mansudae Assembly Hall.

Present there were Ho Chang-cho, chairman of the North side headquarters of Pomchonghangnyon, and Choe Chong-nam, director of its joint secretariat.

Hanchongnyon Vows 'Struggle' To Punish Culprits

SK0110105295 *Pyongyang KCNA in English*
0821 GMT 1 Oct 95

[FBIS Transcribed Text] Pyongyang, October 1 (KCNA) — The South Korean Federation of General Student Councils (Hanchongnyon) pledged a hard struggle Friday for the punishment of those responsible

for the May 18 Kwangju bloodbath, a Seoul-based radio reported.

It announced that if a special law bill for their punishment is voted down at the current "parliamentary session," Hanchongnyon will occupy the "Democratic Liberal Party" building and other major buildings and stage a sit-in.

It also said its struggle will involve boycott of class and examinations and the movement for the overthrow of the present regime and the defeat of "DLP" candidates in elections.

South Academics Demand Culprits' Punishment

SK3009115495 *Pyongyang KCNA in English*
1035 GMT 30 Sep 95

[FBIS Transcribed Text] Pyongyang, September 30 (KCNA) — Students of more than 100 universities of South Korea have gone on a school strike for the May 18 uprising on September 29, demanding an enactment of a special law and an introduction of special prosecution system for the punishment of the main culprits of Kwangju massacre, a Seoul-based radio said.

The radio said the strike, as the first of its kind under the "civilian government", would touch off a big sensation.

On the day, about 20,000 students of 26 universities in Seoul had a fierce demonstration advancing toward Yonhui-tong, where there are residential quarters of traitors Chon Tu-hwan and No Tae-u, the principal architects of Kwangju massacre, and toward the "Democratic Liberal Party" building to pay a protesting call at it.

Upset by the massive advancement of the students, the fascist clique deployed about 14,000 policemen of 116 companies in central area of the city and around Yonhui-tong and the puppets' public prosecutors office.

On the 28th, thousands of students of nine universities in Seoul, including Korea and Yonsei Universities, continued the struggle till late at night, confronted with the riot police.

Meanwhile, some 5,500 professors of 91 universities across South Korea decided to form a permanent organization to expand the struggle for urging the prosecution of the chief culprits of the Kwangju bloodbath. Some 1,000 professors of 13 universities in North Cholla Province issued a statement demanding a legal action against the murderers of the Kwangju uprisers.

Rallies and demonstrations are going on one after another at universities in local areas.

South Professors Form Group on Kwangju Incident
SK0210052095 Pyongyang KCNA in English
 0434 GMT 2 Oct 95

[FBIS Transcribed Text] Pyongyang, October 2 (KCNA) — Over 6,400 university professors across South Korea formed a council of professors on September 30 demanding the enactment of a special law related to the May 18 incident and punishment of the murderers of Kwangju citizens, a radio report from Seoul said.

Some 100 delegates of professors of 99 universities in South Korea, including Seoul National University, Korea University and Pusan National University, held the inaugural meeting in Seoul and published a resolution.

In the resolution, they branded the prosecution's decision not to charge those responsible for the Kwangju bloodbath as an anti-historical act and demanded that a special law related to the May 18 incident be enacted and a special prosecution system be introduced to punish those involved in the bloodbath.

The council is represented by twelve co-chairmen from different parts of South Korea.

Foreign Groups 'Support' Unification Formula
SK0310012995 Pyongyang KCNA in English
 2241 GMT 2 Oct 95

[FBIS Transcribed Text] Pyongyang, October 2 (KCNA) — Political and public circles of the world actively support the formula for founding the Democratic Confederal Republic of Koryo [DCRK] 15 years since it was put forward by the great leader President Kim Il-song.

The Political Executive Committee of the Socialist Party of Kazakhstan in a statement September 26 said they are convinced that the most fair, reasonable and realistic method to reunify the North and the South, on the basis of the three principles of independence, peaceful reunification and great national unity, is to found the DCRK based on one nation, one state, two systems and two governments.

The Guyanese National Committee for the Study of the Chuche Idea of Comrade Kim Il-song and the Guyana-Korea Friendship Association in a joint statement expressed their full support to the steadfast determination of the DPRK Government to reunify the divided country in the 90s on any account.

The statement noted it is high time that the world community made a new start for Korea's reunification.

The Secretary General of the International Liaison Committee for Reunification and Peace in Korea (Cilreco),

Guy Dupre, said the DCRK founding proposal is the one acceptable to all Koreans who want to attain the nation's unity transcending the differences in political ideas and social systems.

Chitta Biswas, secretary general of the All-India Peace and Solidarity Organization, said in a press statement that the South Korean authorities should lend an ear to the voices of the world public circles supporting Korea's reunification by the method of confederacy, repeal the fascist evil laws such as the "National Security Law", an obstacle to Korea's reunification, and pull down the concrete wall.

Radio Denounces South-Japan 'Military Collusion'
SK3009093595 Pyongyang Korean Central
Broadcasting Network in Korean
 1225 GMT 29 Sep 95

[Commentary by Yun Pyong-son: "Dangerous Military Collusion"]

[FBIS Translated Text] It has recently been revealed that the puppet South Korean clique and the Japanese reactionaries had a very secret meeting last July in Tokyo to strengthen their military collusion. As SANKEI SHIMBUN of Japan reports, during the confab held under the pretext of promoting cooperation in the United Nations' peacekeeping operations, the puppet Kim Yong-sam clique and the Japanese reactionaries agreed to establish closer military collusion and have two rounds of secret talks in Seoul before the end of this year to discuss joint exercises and mutual visits by warships and transport planes to each other's countries. This is part of the military collusion which the puppet Kim Yong-sam clique and the Japanese reactionaries have recently been strengthening. It has been clearly shown that the collusion has become very dangerous and been expanded.

As was already known, in April of last year Yi Pyong-tae, the then-puppet defense minister, made a junket to Japan. During the junket, the ROK and Japan agreed that South Korean and Japanese warships would visit each other's countries and that the countries' air forces would beef up cooperation with regard to flight plans and other matters.

Under this agreement, the three warships of the puppet Navy made a port call at Japanese ports in December last year, and pilots of the puppet Air Force conducted a joint exercise a while ago with the Japanese counterparts aboard the aircraft of the Air Self-Defense Force. Japan plans to send the (Kajima) and numerous other warships to South Korean ports in April next year for the first time since the end of the war, and promote exchanges with the puppet Navy.

Also, the puppet Armed Forces and the Ground, Maritime, and Air Self-Defense Forces send officers to each other every year to study. The South Korean and Japanese military brass hats frequently visit each other's countries, and military leaders often hold confabs to discuss the situation in Asia and the Pacific, which includes the Korean Peninsula.

The secret confab was held, in Tokyo, under these circumstances in which South Korea and Japan have been further strengthening their military collusion. This is giving rise to due vigilance by our people and Asian people.

Invasion of the northern half of the Republic in collusion with outside forces is an unchanging ambition of the South Korean puppets. Therefore, the puppets beg for the permanent occupation of South Korea by the U.S. forces and are accelerating preparations for a war of northward aggression with them. They are also strengthening military collusion with the Japanese Self-Defense Forces.

The Japanese reactionaries, who have emerged as a dangerous force of aggression after being resurrected and rearmed, seek to use the South Korean puppets as guides in expanding their road for reinvasion and realizing their old dream of a Greater East Asia Co-Prospersity Sphere.

Because of their common goal of aggression, the South Korean puppets and the Japanese reactionaries have been further strengthening their political and military collusion. If even two rounds of secret talks are held in Seoul, it is clear, the military collusion will be further strengthened, the puppet Armed Forces and the Japanese Self-Defense Forces will conduct joint exercises, and warships and transport planes will visit each other's countries. Then, the tension on the Korean peninsula will be further intensified, and peace and security in Asia will be threatened gravely.

It is no coincidence that Asian people are very wary of the acceleration of military collusion by the South Korean puppets and the Japanese reactionaries. The military collusion which the Kim Yong-sam ring and the Japanese reactionaries have been beefing up is a hotbed for a new war on the Korean Peninsula. This will in no way give the rascals good results. The Japanese reactionaries must clearly know that their military collusion with the South Korean puppets will immediately hasten their destruction and must not run wild. And the Kim Yong-sam ring must stop committing its treacherous act of harming its fellow countrymen in collusion with outside forces. If they continuously further strengthen their military collusion, the rascals

will face greater protests from people at home and abroad.

South Koreans Demand Punishment of 'Murderers'
SK0110105095 Pyongyang KCNA in English
0834 GMT 1 Oct 95

[FBIS Transcribed Text] Pyongyang, October 1 (KCNA) — With strikes going on at 120 universities and colleges throughout South Korea, more than 30,000 students and dissident organization members held rallies and staged demonstrations in fifteen cities including Seoul, Pusan and Kwangju on Saturday, urging the punishment of those responsible for the May 18 Kwangju bloodbath and enactment of a special law, Seoul-based "Radio No 1" reported.

The fifth people's rallies for enactment of a special law concerning the May 18 massacre were held under the cosponsorship of twenty organizations including the People's Committee for Inheriting the Spirit of the May 18 Kwangju Resistance and Clarifying the Truth Behind the Incident, the National Alliance for Democracy and Reunification, the Civic Federation for Economic Justice and the National Teachers' Union.

More than 15,000 students and citizens held a rally at Changchundan Park, Seoul, urging the punishment of the murderers.

At the rally the People's Committee for Inheriting the Spirit of the May 18 Kwangju Resistance and Clarifying the Truth Behind the Incident said over 700,000 people joined in a signature campaign throughout South Korea for the enactment of a special law. It vowed to expand the signature campaign in educational, medical, religious and other circles.

According to the radio report, some 40,000 students of Yonsei and Korea Universities were expected to march towards Yonhui-tong, Seoul, where there are houses of the traitors Chon Tu-hwan and No Tae-u and downtown Seoul after their rallies, clashing with police.

Earlier, on Friday, an estimated 30,000 students affiliated with the South Korean Federation of General Student Councils demonstrated in the central part of Seoul till late at night, demanding the punishment of the killers.

Some 20 demonstrators were injured by riot police.

Daily Criticizes Banning Students' Exit*SK0210055095 Pyongyang KCNA in English
0444 GMT 2 Oct 95*

["Challenge To Desire for Reunification" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 2 (KCNA) — The puppet Justice Ministry of South Korea adopted a "measure to ban on exit" of six leaders of the General Student Council of Songkyunkwan University who had submitted to the puppet unification board an "application for contact with North Koreans" for "inter-Korean exchange of students."

NODONG SINMUN today brands this as another unpardonable challenge to the nation's desire and will for reunification.

The news analyst says:

The ban on student exchange and contact shows that South Korea is a closed society which prohibits people from traveling their own country and meeting fellow countrymen. This also shows that the "civilian"-veiled South Korean rulers are fascist dictators who outdistance the former military dictators.

When applying for contact with northern students, the General Student Council of Songkyunkwan University must have been motivated by a patriotic intention to realise a significant meeting of northern and southern students, create an atmosphere of national reconciliation and unity and pave the way for reunification.

Inter-Korean student exchange will be good for reconciliation, unity and reunification of our divided nation. The ban on student exchange and contact is a total denial of the basic spirit of the North-South agreement on reconciliation, nonaggression, cooperation and exchange. It can never be justified.

By doing so, the Kim Yong-sam group revealed that their talk about "resumption of dialogue" and "unification" is a lie and that they have no idea of dialogue with the North and reunification but confrontation.

The Kim Yong-sam group, who incriminate inter-Korean student exchange, are not entitled to mention dialogue and reunification.

Daily Criticizes Japan-ROK Peacekeeping Ties*SK0210051895 Pyongyang KCNA in English
0421 GMT 2 Oct 95*

["Japanese Reactionaries Criticised for Their Moves of Overseas Aggression" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 2 (KCNA) — NODONG SINMUN today comments on

what they call "Japan-South Korea cooperation in the UN peacekeeping operations" which was discussed in Tokyo in July last.

The analyst says:

The Japanese ruling quarters had a secret confab with the South Korean puppets in Tokyo as regards the "cooperation in the UN peacekeeping operations." The overheated discussions are an ill-boding move.

The Japanese reactionaries are trying to use the "cooperation in the UN peacekeeping operations" for realising their wild ambition for "worldwide empire" the old empire left unfinished.

They seek to inveigle the South Korean puppets into realising their design for military aggression overseas, let the puppets shoulder a heavier burden and put them up for a scapegoat in a bid to realise their militaristic purpose with less sweat and blood.

Under the pretext of "cooperation in the UN peacekeeping operations" the Japanese reactionaries intend to tighten military tieup with the South Korean puppets and facilitate their comeback to the Korean peninsula with them as their guide.

They had better not dream a daydream.

No matter what desperate efforts the Japanese reactionaries and the South Korean puppets may make, things will not go as they wish.

The Japanese reactionary ruling quarters should abandon their foolish design to goad the South Korean puppets into flying the door open for their comeback to the Korean peninsula and to achieve the supremacy over Asia. The South Korean puppets would be well advised to bear it in mind that they would face a stern punishment, if they continue playing the role as a tool for Japan's aggression and war.

Korean Education Group in Japan Holds Congress*SK0210052295 Pyongyang KCNA in English
0439 GMT 2 Oct 95*

[FBIS Transcribed Text] Tokyo, September 30 [date as received] (KNS-KCNA) — The 17th congress of the Central Educational Association of Koreans in Japan was held here on September 29.

A silk banner sent by the Education Commission of the Democratic People's Republic of Korea was conveyed to the meeting.

The chairman of the association, Yi Pok-nam, made a report on the work of its central council.

He said the most valuable achievement made by the association over the past three years is that all the members have taken it as their firm faith to hold the great leader President Kim Il-song in high esteem and remain faithful to the leadership of the great leader Comrade Kim Chong-il.

Noting that the fulfilment of the main tasks set by the 17th congress of the General Association of Korean Residents in Japan (Chongnyon) depends on national education, he called on the members of the association to fully apply respected General Kim Chong-il's idea of education with intense loyalty so as to delight him.

Messages from different organizations of Chongnyon were introduced before several deputies took floor.

The report on the work of the Central Council of the association was adopted as a decision of the congress. Then, it heard reports delivered by the Rules Revision Subcommittee and the Accounts Settlement and Budget Subcommittee, which were also adopted as decisions of the meeting.

Yi Pok-nam was reelected chairman of the association. Vice-chairmen, advisors, members of the Central Council and financial auditors were also elected.

Kwon Sun-hui, vice-chairman of the Chongnyon Central Standing Committee, concluded the meeting.

A letter to Comrade Kim Chong-il was read at the meeting.

Japan's Military 'Overseas Expansion' Denounced

SK2909035495 *Pyongyang Korean Central Broadcasting Network in Korean*
0754 GMT 27 Sep 95

[Unattributed talk: "Japan's Reckless Maneuvers for Overseas Expansion"]

[FBIS Translated Text] Of late, Japanese reactionaries are more unscrupulously scheming to realize their wild ambition for overseas expansion. At its policy deliberation meeting and cabinet meeting held on 25 and 28 August, the Japanese ruling coalition government decided to dispatch troops of the Self-Defense Forces to the Golan Heights. Following this, figures from the Japanese military circles, including director-general of Japan Defense Agency, went so far as to discuss the armament of the troops of the Japanese Self-Defense Forces to be dispatched to Golan Heights.

Japanese reactionaries adopted a law on cooperation with the United Nations' peace keeping operation at the Diet on 15 June 1992 in an attempt to dispatch troops of the Self-Defense Forces overseas under a signboard of maintaining peace. Since then they have dispatched

a large number of troops of the Self-Defense Forces to Southeast Asia and Africa.

Nevertheless, not satisfied with this, Japanese reactionaries, mercurial with the ambition for overseas expansion, have tenaciously attempted to further expand their troop dispatch to overseas.

Japanese reactionaries' moves to dispatch overseas troops of the Self-Defense Forces involve a dangerous nature. It is an officially recognized fact that Japan has become a militarily big power in the world. Nevertheless, Japanese reactionaries have continued to step up its arms buildup. Japan — which has become the second largest military expenditure country in the world by increasing its military budget each year — is again going to appropriate in the fiscal year 1996 a huge amount of military expenses which have increased 2.9 percent over the current fiscal year.

The Japanese Government, based on its increasing military expenditures, is further accelerating to modernize the arms and equipment of the Self-Defense Forces. In an attempt to beef up the arms of the Air Self-Defense Force, the Japan Defense Agency is scheming to manufacture a total of 47 next generation supporting fighters by 2000 as part of the next term's five-year arms buildup plan.

The Japan Defense Agency has already decided to produce 12 next generation supporting fighters by advancing 147.6 billion yen from the next fiscal year's military expenditures. At the same time, Japanese reactionaries are accelerating nuclear armament more frantically.

As the world is well aware, Japanese reactionaries are accelerating nuclear armament by stockpiling a large quantity of plutonium. Not long ago, Japan has started officially operating the fast breeder reactor, Monju. This means that Japan's maneuvers for nuclear armament have entered a new stage. Japanese reactionaries are rapidly pushing ahead with their maneuvers to become a militarily big power and, at the same time, are waging in succession a large scale military exercise in a bid to strengthen the combat capability of the Self-Defense Forces.

Recently, a large-scale military exercise of the Japanese Ground Self-Defense Force was waged in (Kodenbai), Sizuoka Prefecture of Japan. This military exercise, in which a number of military personnel, tanks, armored vehicles, missiles, and fighters participated, was reportedly an exercise which reminded the spectators of actual war.

According to reports, the Japan Defense Agency has decided to send naval ships of the Maritime Self-Defense Force to South Korea next spring in the name

of exchange and military exercise. This is an exercise for an actual warfare and an on-the-spot survey which will be waged with the aim of realizing Japanese reactionaries' ambition for overseas expansion, using the Korean peninsula as a springboard.

Facts show that even today when fifty years have passed since Japanese imperialism ruined Japan's ambition for overseas expansion has not changed at all.

Japanese reactionaries are trying to realize, without fail, the Greater East Asia Co-prosperity Sphere which the old Japanese imperialists failed to achieve. Proceeding from this, Japanese reactionaries have avoided sincerely apologizing for and reflecting on their past crimes while embellishing the history of the Japanese imperialists' aggression. Embellishing the war of aggression triggered by the Japanese imperialists as a war of justice for self-defense, a war of Asian countries' [word indistinct], and the like, Japanese reactionaries are officially paying reverence to Yasukuni Shrine, which has become the symbol of militarism.

Fair public opinion unanimously says that the real intention of Japanese reactionaries who have refused to admit their past crimes and to apologize for them while embellishing the history of their past aggression is aimed at repeating history.

Japan's overseas expansion maneuvers to realize the old dream of Greater East Asia Co-prosperity Sphere are of no use. What Japan can gain by repeating its past history is only a road of ruin. The Japanese Government should renounce its reckless ambition for overseas expansion and should make a new start on the basis of sincere recognition of, apology for, compensations for, and indemnification for their aggression in the past.

The world peace-loving people are enhancing their vigilance against Japan's maneuvers for becoming a militarily big power, for nuclear armament, and for overseas expansion.

PRC Envoy's Banquet Marks Founding Anniversary

*SK3009083095 Pyongyang Korean Central Broadcasting Network in Korean
1300 GMT 29 Sep 95*

[FBIS Translated Text] Qiao Zonghuai, PRC ambassador to the DPRK, gave a banquet at the embassy this evening on the 46th founding anniversary of the PRC.

Invited there were Comrade Choe Tae-pok, alternate member of the Political Bureau and secretary of the Central Committee of the Workers Party of Korea [WPK]; Chong Chun-ki, chairman of the Committee for Cultural Relations With Foreign Countries; Choe Hui-

chong, chairman of the State Science and Technology Committee and chairman of the Korea-China Friendship Association Central Committee; (?Chi Chae-yong), deputy director of a department of the WPK Central Committee; Kim Chong-kak, vice minister of the People's Armed Forces; Vice Foreign Minister Kim Yong-il; and other functionaries of the relevant sectors.

Speaking at the banquet, Ambassador Qiao Zonghuai referred to the successes the Chinese people have attained in various fields over the last 46 years since the founding of the PRC.

Speaking next, Comrade Choe Tae-pok said that the founding of the PRC was a great achievement by the Chinese people and a historic event that opened a new upturn in the several thousand-year history of the Chinese people, and warmly congratulated the fraternal Chinese people on the 46th anniversary of the festive national holiday.

The participants in the banquet toasted the strengthening and development of the traditional Korea-China friendship cemented in blood, the eternal life of the great leader Comrade Kim Il-song, the long life and good health of the great leader Comrade Kim Chong-il, and the long life and good health of the Chinese leaders, including respected Comrades Deng Xiaoping and Jiang Zemin.

A film show and a reception were given at the PRC Consulate General in Chongjin on the PRC National Day.

Premier Sends Greetings to PRC Counterpart

*SK0310022995 Pyongyang Korean Central Broadcasting Network in Korean
1300 GMT 30 Sep 95*

[FBIS Translated Text] Comrade Kang Song-san, premier of the Administration Council, sent greetings to Comrade Li Peng, premier of the PRC State Council, warmly congratulating him on the 46th anniversary of the PRC, and pointed out the following.

Over the past 46 years, the Chinese people overcame difficulties and trials faced on the road of building socialism under the leadership of the CPC and turned their country — where backwardness and adversity was rampant — into a newly prosperous socialist power. We are pleased with the Chinese people's success as though it were our success.

The greetings stated that it sincerely wishes him greater success in his work to build socialism with Chinese characteristics, and pointing out that Korean-Chinese

friendship can be continuously consolidated and developed through the joint efforts of the people of the two countries.

PRC's Tianjin Friendship Delegation Departs

*SK0310044395 Pyongyang Korean Central
Broadcasting Network in Korean
1306 GMT 30 Sep 95*

[FBIS Translated Text] The first Chinese friendship visiting group led by Su Baocong, vice chairman of the Standing Committee of the Tianjin Municipal People's Congress, departed for home on 30 September. Chae Hwa-sop, vice director of National Directorate of Tourism, and the PRC Embassy counselor to our country saw the group off at the airport.

PLA Friendship Visiting Group Returns Home

*SK3009035295 Pyongyang Korean Central
Broadcasting Network in Korean
1100 GMT 27 Sep 95*

[FBIS Translated Text] The Chinese People's Liberation Army [PLA] friendship visiting group led by Lieutenant General Zhang Gong, political commissar of the Academy of Military Sciences, returned home on 27 September by plane.

Lieutenant General Ok Pong-nin of the Korean People's Army, and Qiao Zonghuai, PRC ambassador to the DPRK, were on hand at the airport to bid the visiting group farewell.

Russian Figure Sends Letter to Kim Chong-il

*SK0210051195 Pyongyang KCNA in English
0411 GMT 2 Oct 95*

[FBIS Transcribed Text] Pyongyang, October 2 (KCNA) — A letter was sent to the great leader Comrade Kim Chong-il by the President of the Russian Academy of Natural Sciences, Oleg Kuznetsov [name as received], upon the former's registration as an honorary academician by the academy on the occasion of the 50th anniversary of the Workers' Party of Korea.

The president in the letter said:

"I highly appreciate you Comrade Kim Chong-il for your realistic tireless efforts devoted to developing and enriching the chuche idea created by Comrade Kim Il-song and preparing the ideological, theoretical and practical guidelines for all activities of the party and the state.

"Through the significant works you have published in the past, you have given an all-round systematization of the main principles of the chuche idea and developed and enriched them while giving scientific expositions of

the problems arising in building a new society and in the activities of the party and the state.

"You Comrade Kim Chong-il, with unremitting speculations, have formulated the bulk of profound ideologies raised by Comrade Kim Il-song as an integral system of the chuche-based ideas, theories and methods, thereby performing scientific feats.

"We will consider the high appraisal by our academy of natural sciences of your achievements to be an important step on the road of expanding and developing the cooperation of science and technologies between the scholars and professionals of the Russian Federation and the Democratic People's Republic of Korea and hope that it will serve as a guarantee for its further development."

Libyan Group Visits Statue of Kim Il-song

*SK0210051595 Pyongyang KCNA in English
0414 GMT 2 Oct 95*

[FBIS Transcribed Text] Pyongyang, October 2 (KCNA) — A delegation of the Great Socialist People's Libyan Arab Jamahiriya led by Miftah Muhammad Ku'aybah, marine wealth secretary of the General People's Committee, visited the statue of the great leader President Kim Il-song on Mansu Hill Sunday.

They laid a floral basket and made a bow before the statue.

The head of the delegation said that the great leader President Kim Il-song was a very eminent man possessed of bravery and fortitude and that even the "mightiness" of imperialism was smashed into smithereens before him.

The exploits performed by the president from his early years of revolutionary activities to the last moments of his life are an excellent model which the world's people should follow, he stressed.

"We made a bow to President Kim Il-song, carrying the minds of the leader of the Libyan people, Colonel Qadhafi, and his people," he noted. "The friendly relations between the two countries fostered by President Kim Il-song will be everlasting and imperialism will surely go to ruin."

Iranian Envoy Helps in Rice Harvesting

*SK0210064495 Pyongyang Korean Central Television
Network in Korean 1100 GMT 29 Sep 95*

[FBIS Translated Text] Seyyed Morteza Mirheydari, ambassador of the Islamic Republic of Iran to our country, and the embassy staffers helped harvesting

rice at the DPRK-Iran Friendship Saenal Cooperative Farm on 28 September. The guests harvested rice with farmers here who were eager to mark the 50th founding anniversary of the party with high labor feats while accelerating harvesting.

Palestinian Official Interviewed on Visit

*SK3009044695 Pyongyang KCNA in English
0408 GMT 30 Sep 95*

[FBIS Transcribed Text] Pyongyang, September 29 (KCNA) — Nayef Hawatmeh, secretary general of the Palestine Liberation Democratic Front, referred to his Pyongyang visit in an interview with reporters on September 26.

He said:

Through our visit we saw the Korean people under the wise leadership of dear Comrade Kim Chong-il vigorously building socialism, resolutely smashing the moves of the U.S. imperialists, the common enemy of the two peoples of Korea and Palestine.

Availing ourselves of this opportunity, we express our firm will once again to fight against the common enemy always together with the Korean people.

We saw the Korean people striving as one man to carry through the behests of the great leader President Kim Il-song, further accelerate the socialist construction and achieve the independent and peaceful reunification of the country and the complete independence of the nation.

We believe that socialism of Korea led by the great leader Comrade Kim Chong-il is sure to win victory.

During our stay our contact with the Korean people convinced us of the fact that socialism is winning victory after victory in Korea.

Socialism is deep rooted in the hearts of the Korean people.

Pointing to achievements of the Workers' Party of Korea [WPK] he said: We extend warm congratulations to the Korean people upon the 50th founding anniversary of the WPK and pay our highest respects to the great leader Comrade Kim Chong-il, who is wisely leading the party and the people.

Delegation Returns Home

*SK3009035095 Pyongyang Korean Central
Broadcasting Network in Korean
1100 GMT 27 Sep 95*

[FBIS Translated Text] The Palestine Liberation Democratic Front delegation led by its Secretary General

Nayef Hawatmeh, returned home on 27 September by plane.

Choe Chin-su, deputy director of a department of the Workers Party of Korea Central Committee, and Shahir Mohammad, Palestinian ambassador to the DPRK, were on hand at the airport to bid the delegation farewell.

Delegation Returns Home From Sri Lanka

*SK3009035995 Pyongyang Korean Central
Broadcasting Network in Korean
1100 GMT 27 Sep 95*

[FBIS Translated Text] The DPRK delegation led by Kim Su-hak, minister of public health, which participated in the 13th meeting of public health ministers of Southeast Asia sponsored by the WHO held in Sri Lanka, returned home by plane on 26 September.

Indian Envoy, Embassy Staff Help Harvesting

*SK0210072795 Pyongyang Korean Central
Broadcasting Network in Korean
1300 GMT 29 Sep 95*

[FBIS Translated Text] Adya Nand Jha, Indian ambassador to our country, and the embassy staff helped in the harvesting at the Kalchon Cooperative Farm, a DPRK-India friendship cooperation, today. The guests worked on the farm along with the farmers, who were speeding up farm work to meaningfully greet the 50th anniversary of the party's founding anniversary after accomplishing this year's harvest as soon as possible, and hardened the friendship between the two countries.

Kim Yong-nam Greets New Nepal Foreign Minister

*SK0110103495 Pyongyang KCNA in English
0805 GMT 1 Oct 95*

[FBIS Transcribed Text] Pyongyang October 1 (KCNA) — Foreign Minister Kim Yong-nam sent a message of greetings to Prakash Chandra Lohani upon his appointment as Nepalese foreign minister.

The message expressed the belief that the friendly and cooperative relations between the two countries would further develop in accordance with the principle of the Nonaligned Movement and idea of independence, peace and friendship and wished him a great success in his new office.

Group Returns Home After Meeting in Switzerland

*SK3009062595 Pyongyang Korean Central
Broadcasting Network in Korean
1100 GMT 27 Sep 95*

[FBIS Translated Text] The DPRK delegation led by Choe Pong-su, vice chairman of the External Economic

Committee, which participated in the first South Center representatives' board of directors meeting held in Switzerland, returned home by plane on 16 September.

WPK Sends Greetings to Guinean Party Leader

SK0210051395 Pyongyang KCNA in English
0416 GMT 2 Oct 95

[FBIS Transcribed Text] Pyongyang, October 2 (KCNA) — The Central Committee of the Workers' Party of Korea [WPK] on Friday sent a telegram of greetings to Abou Bacar Sompore [name as received] upon his election as general secretary of the Party for Unity and Progress of Guinea at an extraordinary meeting of its National Committee.

In the telegram the WPK Central Committee hoped that the excellent relations of friendship and cooperation between the two parties and the two countries would continue to develop on good terms, and wished the general secretary a great success in his responsible work for the strengthening and development of the party.

Lecture Meeting Marks Guinea's Independence

SK0310045595 Pyongyang KCNA in English
0435 GMT 3 Oct 95

[FBIS Transcribed Text] Pyongyang, October 3 (KCNA) — A lecture meeting was co-sponsored by the Committee for Cultural Relations With Foreign Countries and the Korea-Guinea Friendship Association here on Monday to mark the 37th anniversary of the independence of Guinea.

It was attended by Chon Yon-ok, vice-chairperson of the Committee for Cultural Relations With Foreign Countries and vice-chairperson of the Korea-Guinea Friendship Association, officials of the association and working people in the city.

The vice-chairperson gave a lecture on the subject "Guinean people advancing along the road of independence."

Ugandan Group To Mark WPK Anniversary

SK0310012295 Pyongyang KCNA in English
2243 GMT 2 Oct 95

[FBIS Transcribed Text] Pyongyang, October 2 (KCNA) — The Ugandan preparatory committee for celebration of the 50th anniversary of the Workers' Party of Korea was inaugurated.

The Deputy National Political Commissar of the Secretariat of the National Resistance Movement of Uganda, Chango Machyo, was elected its chairman.

An inaugural meeting was held in Kampala on September 26.

The meeting adopted a decision to set the period of September 26- October 15 as the one for celebrating the 50th anniversary of the WPK and organize such events as a seminar on the chuche idea, a celebration meeting, a book and photo exhibition, a film show, a lecture and a reading meeting.

Daily on Support for Nonaligned Movement

SK3009113695 Pyongyang KCNA in English
1020 GMT 30 Sep 95

["NODONG SINMUN on Expansion and Development of Nonaligned Movement" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, September 30 (KCNA) — NODONG SINMUN today says that the 11th summit meeting of the nonaligned countries, which will be held in Colombia in October, will be recorded in the history of the Nonaligned Movement.

The summit meetings, which have been held so far, played an important role in expanding and developing the movement, the article under the title "For Expanding and Developing the Nonaligned Movement" says, and continues:

It is a good thing for many countries to apply for membership of the Nonaligned Movement today. But the expansion of its membership should not weaken the unity of the movement.

The most effective way to expand the ranks of the movement while strengthening its unity and keeping its peculiar character is to observe the standard, formalities and usage of the admission to the movement and the principle of unanimous agreement.

With the position and role of the Nonaligned Movement being enhanced on the international arena today, many countries are going to join the movement as observer or guest. So, it is important to examine and decide on their qualification on the basis of the decision and recommendations of the movement adopted in this regard.

As was recommended by the 10th summit meeting of the nonaligned countries, to maintain and respect the aim of the movement is a principled standard for observers and guests as well as the member states.

The Democratic People's Republic of Korea, a dignified member of the Nonaligned Movement, will actively work to maintain the purity of the movement and strengthen and develop the movement as in the past, so in the future, too.

Reporter Says Kim Chong-il Declines Inauguration
SK0210131695

[FBIS Editorial Report] Pyongyang Korean Central Broadcasting Network in Korean at 0625 GMT on 1 October carries a 30-minute announcer-read article by Russian reporter (Vladimir Tolstov), titled "Only When the Successor Is Great Can the Leader [suryong] Be Everlasting."

Noting that he met Kim Il-song many times during his lifetime, the writer recalls Kim Il-song's great political philosophy, idea and strategy, describing him as "a legendary hero" who defeated two imperialisms in one generation, and expresses great sorrow for his death in 1994.

In the article, the writer notes that he again came to Pyongyang on 4 August 1995 and visited the Kumsusan Memorial Palace, expressing his deep desire to see Kim Il-song preserved in state. He points out that preservation of Kim Il-song in state was possible due to Kim Chong-il's sincere loyalty and filial piety. Noting that the past year since Kim Il-song died was filled with arduous trials and upheavals, he says that the greatest event attained during this period was that "Comrade Kim Chong-il firmly inherited the generation of the chuche revolutionary cause pioneered by Comrade Kim Il-song." He reiterates that as long as there is Comrade Kim Chong-il, Comrade Kim Il-song will live forever [yongsaeng hasinda] and the Korean revolution will be victorious.

Praising Kim Chong-il's "invariable faith, firm willpower, courage, correct decision and benevolence," the writer says: "Comrade Kim Chong-il is the highest incarnation of benevolence. Thus, even today one year after Comrade Kim Il-song passed away, Comrade Kim Chong-il is not in a hurry to hold the inauguration ceremony [chudae haengsarul sodurugi ankko] but is directing all his energy and efforts to fulfill his obligation as the political successor to the leader [suryong] and to permanently defend and glorify Comrade Kim Il-song's achievements. When I departed Moscow some time ago, I hoped that when I visited the DPRK this time, I would be able to witness, together with the Korean people, the congratulatory event in which Comrade Kim Chong-il would be appointed to the supreme position of the party and the state. This idea was promoted by my own subjective view that Korea would not maintain the vacuum of (?power) for more than one year. However, there were no indications of such an event even today when Comrade Kim Il-song's first death anniversary was splendidly held and the 50th anniversary of Korea's liberation was successfully marked. Therefore, I asked one of the guides anxiously.

To my question, he said, 'functionaries who closely uphold and work for [kakkahi mosigo irhanum] Comrade Kim Chong-il have recommended on many occasions that the inauguration ceremony be held soon. However, each time Comrade Kim Chong-il has calmly turned down their recommendation.'"

The reporter concludes the article by stating that although he regrettably missed the opportunity this time, he has more keenly realized "the great traits" of Comrade Kim Chong-il and that the Korean people are blessed with leaders.

Official Says Kim Unlikely To Head Ruling Party

OW0210130195 Tokyo KYODO in English
0848 GMT 2 Oct 95

[FBIS Transcribed Text] Bangkok, Oct. 2 KYODO — A North Korean official has expressed a doubt that the country's de facto leader Kim Chong-il will become general secretary of the ruling Workers' Party of Korea on Oct. 10, when the party marks the 50th anniversary of its foundation.

However, even if Kim does not officially assume the post, North Korean politics will not necessarily be affected because he has already led the state, the party and the military for a long time, Kim Chong-u, chairman of the Committee for the Promotion of External Economic Cooperation, said in a recent interview with KYODO NEWS SERVICE in Bangkok.

Kim Chong-il, the eldest son of the late president Kim Il-song, himself will decide when to assume the post, the official said.

The junior Kim has served as supreme commander of the (North) Korean People's Army since 1991 but the two other top North Korean posts — party leader and state president — have remained vacant since his father's death in July last year.

Kim Chong-u said an event to recommend Kim Chong-il must be held before he becomes president, referring to a presidential election at the supreme people's assembly, North Korea's legislature.

It is also up to Kim Chong-il when to convene the assembly, he said.

South Korea's NAEWEO PRESS NEWS AGENCY reported Monday [2 October], quoting a Pyongyang radio report aired Sunday, that Kim Chong-il has "held back" his aides' repeated requests to officially succeed power.

The North Korean radio report is seen as suggesting that Kim Chong-il will not assume the presidency or party leadership around Oct. 10, analysts said.

The radio quoted a Russian who visited Pyongyang on Aug. 15 as saying that Kim's official assumption of power has been delayed because he has kept turning down his aides' advice to go through with the ceremony, according to NAEWOE PRESS.

'Brief History' of Kim Chong-il Issued

SK0310052395 *Pyongyang KCNA in English*
0502 GMT 3 Oct 95

[FBIS Transcribed Text] Pyongyang, October 3 (KCNA) — The Workers' Party of Korea [WPK] Publishing House has published "Brief History of the Great Leader Comrade Kim Chong-il" to mark the 50th anniversary of the Workers' Party of Korea.

The book, consisting of five chapters, gives a simple and plain exposition in chronological order of the glorious and brilliant revolutionary history (February 1942-July 1995) of respected Comrade Kim Chong-il, the great successor to the revolutionary cause of *chuche*, the illustrious leader of the Workers' Party and people of Korea and the supreme commander of the Revolutionary Armed Forces.

He, who was born into the most patriotic and revolutionary family ever in history in a secret camp of Mt. Paektu on February 16, 1942 when a new turn was being effected in the development of the Korean revolution and the world revolution, grew up to be the successor to the revolutionary cause of *chuche*, receiving meticulous education from his parents.

During his revolutionary activities at Kim Il-song University from September 1960 to March 1964, he expounded a number of ideas and theories in political, economic, cultural, military and other fields, developed in depth the *chuche* idea and gave much assistance to the great leader President Kim Il-song in his leadership.

He, who began working at the Central Committee of the Workers' Party of Korea in 1964, brought about a great heyday in all domains of the revolution and construction, enjoying deep reverence and respect as the recognized leader of the WPK and the people.

He was designated as the successor to President Kim Il-song in February 1974 by the people's unanimous will and desire.

By conducting energetic activities, he has further cemented the singlehearted unity of the leader, the party and the masses, fully demonstrated to the world the advantages and might of Korean socialism and performed undying feats for the independence of the world.

The book will serve as a genuine textbook of life and struggle for the revolutionary peoples in the present era

and a powerful ideological and theoretical weapon for the independence of humankind.

WPK Called Symbol of Unity Around Leaders

SK0210111495 *Pyongyang KCNA in English*
1039 GMT 2 Oct 95

["Everlasting Mark of WPK" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 2 (KCNA) — The mark of the Workers' Party of Korea (WPK) is a symbol of the greatness of the respected leader Comrade Kim Il-song and our people's singlehearted unity around the great leader Comrade Kim Chong-il, the banner of our invincibility and the highest idea of humankind for happy life, says NODONG SINMUN today in a political essay titled "Everlasting Mark of Our Party."

In the first part the political essay says the WPK's mark symbolizes the greatness of Comrade Kim Il-song.

It notes:

The mark is the features and a proud symbol of our party built by the great Comrade Kim Il-song by applying the immortal *chuche* idea. It is associated with his far-reaching plan, great politics and immortal feats.

He had the mark bearing a hammer, a sickle and a writing-brush, symbolic of means of all creation by humankind, in a simple and clear-cut way to show the people advocating independence the way of shaping their destiny, achieving unity and winning victory.

The mark fully represents the ideas and theories of Comrade Kim Il-song, who led the revolution, regarding the masses of the people as the driving force of history and believing in them as in heaven.

The fatherly leader Comrade Kim Il-song reflected in the mark the will to embrace all the people with diversified turns and twists and take care of them, and the great truth that the working-class party should be a mother party which embraces all the working people.

Indeed, great are the feats Comrade Kim Il-song performed in many years of revolution in building and leading the party and guiding the revolution and construction.

In the second part the political essay says the mark of the party is a symbol of our people's singlehearted unity around respected Comrade Kim Chong-il.

It says: The mark with a hammer, a sickle and a writing-brush linked with each other demonstrates the singlehearted unity of the leader and the people who share the same destiny.

The mark symbolizes the socio-political organism centered on the leader, which is the culmination of single-hearted unity.

Comrade Kim Chong-il, the most outstanding leader in the world, stands in the centre of our socio-political organism in which the leader and the people are linked in blood with each other, sharing the same destiny. The political essay quotes Comrade Kim Il-song as saying:

"Comrade Kim Chong-il is the leader and representative of the party. He, true to my intention, is leading the struggle to strengthen and develop our party to be a revolutionary party of *chuche* type. Only under his leadership, is it possible to carry on the revolution and construction more successfully by strengthening our party and enhancing its leadership role."

It is the greatest one of feats performed by Comrade Kim Chong-il that our people are calling the WPK the mother party with pride, the political essay says, and continues:

The mark of the party mirrors its members and all other people, who take after their leaders.

Any kind of injustice can never separate the hammer, sickle and writing-brush in the mark and there is no force in the world to break our singlehearted unity around the great leader.

In the third part the political essay says the mark of the WPK is a symbol of our invincibility.

It says:

Our workers, peasants and intellectuals have regarded unity as the banner of struggle in paving the path of revolution at the cost of blood and making the homeland prosperous with creative work.

Our party's red flag inscribed with the mark is the banner which inspires the united ranks with inexhaustible strength and glory of invincibility. And the mark serves as the great banner of the independence of the whole world.

The mark, not affected by imperialism and capitalism, encourages all the people to victory, serving as the passion of humankind, the vigor of the time and the guideline of revolutionary unity.

The mark is just the great features of Comrade Kim Chong-il, who takes care of all our people.

Guided by Comrade Kim Chong-il, we will always emerge victorious. Without him, we cannot think of our homeland and ourselves. As long as we are guided by him, our party and its mark will remain shining forever.

Kim Chong-il Sends 60th Birthday Tables to Miners *SK0210121295 Pyongyang KCNA in English* 1027 GMT 2 Oct 95

[FBIS Transcribed Text] Pyongyang, October 2 (KCNA) — The great leader Comrade Kim Chong-il sent birthday tables to miners, congratulating them on their 60th birthdays. They are director of the conveyer office of the Komdok mining complex Yi Tae-song, chief of the technical section of ore dressing plant No. 3 Chong Yong-ho, technical advisor to ore dressing workshop No. 2 Pak Pyong-son, a driller of Sinhong pit of the Roun [name as received] branch mine Yi Ho-pok, a setter of Puhong pit Kim Yong, a repairman of Ponghwa pit of the youth branch mine Sim In-kol and a worker of ore dressing workshop no. 1 So Nak-son.

Through his on-the-spot guidance, Comrade Kim Chong-il made sure that the mechanization, automation and modernization of mining work were realised to improve the working conditions of the miners and ore dressing plant no. 3; a long-distance belt conveyer and a large mine car pit were built to do work in a big way. He has also taken a good care of their life.

The miners who received the birthday tables vowed to effect a fresh upsurge in the production of lead and zinc, always remembering the deep loving care and trust, to defend and glorify the feats the party and the leader performed in guiding the complex.

More Kim Il-song Works Published

SK0210114395 Pyongyang KCNA in English
1009 GMT 2 Oct 95

[FBIS Transcribed Text] Pyongyang, October 2 (KCNA) — The Workers' Party of Korea publishing house recently brought out Vols. 41 and 42 of Kim Il-song's works, a library of the *chuche* idea which synthetically contains the famous works of the great leader President Kim Il-song in chronological order.

Volume 41 contains 25 writings — historic reports, speeches, conclusions, talks, etc. — which were delivered by President Kim Il-song from January 1988 to May 1989, and Vol. 42 carries 28 works such as speeches, conclusions and talks delivered by him from June 1989 to December 1990.

"Let Us Bring the Advantages of Socialism in Our Country Into Full Play", "Answers to the Questions Raised by the President of the Nepal Journalist Association" and other works give a scientific and theoretical elucidation of the essential features and superiority of socialism fully embodying the *chuche* idea and the source of its invincible might.

"On Ensuring Proper Economic Management in Keeping With the Nature of Socialist Economy", "Let Us Bring About a Great Upswing in Socialist Construction Through a Vigorous Drive for Increased Production and Economy" and other works point out the task and ways of pushing ahead with socialist economic construction to strengthen the might of the independent national economy, more steadfastly lay material and technical foundations of socialism and communism and radically increase the people's living standard.

In "On Effecting a New Turn in Science, Educational Work and Public Health Service", "On Building the Tomb of King Tongmyong Well", and other works President Kim Il-song clearly indicates problems arising in the development of culture and the ways for the solution to them. He explains about reasons why socialist culture should be developed rapidly in an overall way and clarifies that science and technology should rapidly be developed in different spheres in keeping with the world's tendency toward the development of modern science, the standard of education be raised to bring up the students and pupils to be competent revolutionary personnel, the public health service be improved to further protect and promote the working people's health and the nation's time-honored historical sites and relics well preserved.

Also contained in these volumes are classic works systematising the outstanding ideas, theories and policies, which provide solutions to all the theoretical and practical questions arising in the revolution and construction. Among them are works which elucidate the problem of reunifying the country on the three principles of independence, peaceful reunification and great national unity and by means of founding the Democratic Confederal Republic of Koryo and the revolutionary idea on intensifying the international solidarity of revolution in the main ideas of independence, peace and friendship and accelerating the global independence and strategies and tactics for its realization.

Chang Chol at Symposium on WPK Anniversary

SK0210071995 *Pyongyang Korean Central Broadcasting Network in Korean*
2200 GMT 29 Sep 95

[FBIS Translated Text] A symposium was held at the National Theater on 29 September by the literature and arts sector, marking the 50th anniversary of the founding of the Workers Party of Korea [WPK].

Present at the symposium were Comrade Chang Chol, vice premier of the Administration Council and minister of culture and art; Paek In-chun, chairman of the Central Committee of the General Federation of Unions

of Literature and Arts of Korea; other functionaries concerned; and functionaries of the literature and arts sector.

At the symposium, speeches were delivered by Kim Chang-kuk, responsible secretary of the party committee of the Ministry of Culture and Art; Yi Yong-so, secretary of a primary party committee at the Central Committee of the General Federation of Unions of Literature and Arts of Korea; Cha Hyong-sik, head of the State Theatrical Company of Korea; Chong Yong-man, vice director of the Mansudae Art Studio; Om Kil-son, director of the Korean Film Studio; Kim Il-su, secretary of a primary party committee at the Central Committee of the Korean Writers Union; and Kim Su-cho, director of the Sea of Blood Opera Troupe. They spoke under various titles, such as "The founding of the WPK is an historic event that brought about fundamental changes in the history of building the working-class party and in implementing the popular masses' cause of independence;" "The perfect unity among the leader, the party, and the masses achieved by our party is the source of the solidity and invincibility of our party and our country's socialist system;" "Our party is the most authorized party that leads the popular masses' cause of independence along the single road of victory;" "Upholding the great leader [yongdoja] Comrade Kim Chong-il as the top of the party and the revolution is the greatest fortune of our party and people who are blessed with great leaders generation after generation;" and "His outstanding leadership has made it possible to open the golden age of the chuche-oriented literature and art by brilliantly embodying the party's unitary leadership for literature and arts."

Yi Chong-ok Addresses Book Exhibit Opening

SK0310045295 *Pyongyang KCNA in English*
0433 GMT 3 Oct 95

[FBIS Transcribed Text] Pyongyang, October 3 (KCNA) — A national book exhibition opened to celebrate the 50th anniversary of the Workers' Party of Korea [WPK].

Put on display at the exhibition hall are about 36,000 volumes of books, magazines and newspapers of 21,700 kinds including the famous works of the great leader President Kim Il-song and the great leader Comrade Kim Chong-il which were published in Korea and different countries of the world.

An opening ceremony of the exhibition was held here on Monday.

The ceremony was attended by Yi Chong-ok, Politburo member of the WPK Central Committee and vice-president, and working people in the city.

Also taking part in it were the chief of the Pyongyang mission of the National Democratic Front of South Korea (NDFSK), Yi Chong-sang, press officials of foreign embassies and foreign correspondents in Korea.

Addressing the ceremony, Yi Chong-ok said the book exhibition will mark an important occasion in demonstrating the greatness and invincible vitality of the ideological and theoretical exploits President Kim Il-song and Comrade Kim Chong-il have performed for the party and the revolution, the fatherland and the people.

He stressed that officials and men of the press should produce more and better publications and news items contributable to accomplishing the cause of modelling the whole society on the chuche idea and the cause of making the world independent, and devotedly work to make their country, their motherland prosperous, rallied behind respected General Kim Chong-il as firm as a rock in one mind.

The participants saw round the books on display.

Senior Party, Government Leaders at Screening

SK0110103595 Pyongyang KCNA in English
0804 GMT 1 Oct 95

[FBIS Transcribed Text] Pyongyang, October 1 (KCNA) — Yi Chong-ok, Pak Song-chol, Kim Pyongsik and other senior party and government officials appreciated part 31 of the multi-part feature film "The Nation and Destiny" (Part 7 on the working class) at the People's Palace of Culture on Saturday. The film "The Nation and Destiny" has been created as a monumental masterpiece of the world under the energetical guidance of the WPK.

The film impressively shows the heroic struggle waged by the workers of the Kangson Steel Works to support the party with increased production of steel, helping and pulling each other along under the communist slogan "One for all, all for one!" Amid the flames of the Chollima workteam movement which was kindled by the great leader President Kim Il-song in the mid-1950s. Particularly, it reflects the high spirit of the hero Kang Tae-kwan and his family who place the interests of the party and revolution above their own destinies and interests.

'Men of the Press' Symposium Marks Anniversary

SK2909120295 Pyongyang KCNA in English
1502 GMT 28 Sep 95

[FBIS Transcribed Text] Pyongyang, September 28 (KCNA) — A symposium of men of the press was held

here on Wednesday to mark the 50th anniversary of the Workers' Party of Korea [WPK].

Speakers said at the symposium that the 50-year history of the WPK under the wise leadership of the great leader President Kim Il-song and the great leader Comrade Kim Chong-il is a history of feats in leading the two stages of revolution, most difficult and complicated, without slightest vacillation and an ever-victorious history in which the gains of the revolution and the socialist cause have been defended with honour.

With the foundation of the WPK by President Kim Il-song 50 years ago our people have come to have a great mother party which leads their destiny on its own responsibility, a bright prospect opened in the historical advance of our people toward socialism and communism and a new turn has been brought in the chuche press building and in the political life of the journalists and men of the press.

The exploit of our party's leadership, which has turned the press into the press of its leader, is that it has established the upright ideological line of the press of the working class party and enhanced its position and role.

The journalists and men of the press should truly contribute to strengthening our party and accomplishing the socialist cause, the reunification of the country and the independence of the world by carrying through the line and policy of our party and policy of the press as ardent advocates and strict executors of the party policy.

Trade Union Symposium Marks WPK Anniversary

SK2909235095 Pyongyang KCNA in English
1026 GMT 29 Sep 95

[FBIS Transcribed Text] Pyongyang, September 29 (KCNA) — A national symposium of trade union officials and members was held here on Thursday to mark the 50th founding anniversary of the Workers' Party of Korea [WPK].

Speakers said the great leader President Kim Il-song and the great leader Comrade Kim Chong-il have strengthened and developed the WPK into an invincible revolutionary party, expounded the idea and theory of trade union building and have strengthened and developed it.

They said that the foundation of the WPK, the establishment of the monolithic ideological system in the party and the harmonious whole of the party and the popular masses are the most distinguished exploits performed by President Kim Il-song and Comrade Kim Chong-il for the country and the revolution and for the time and

humankind in the historical course of starting and leading the chuche revolutionary cause.

They called on all trade union officials and members to further strengthen the unity and cohesion of the party and the people and make active contributions to accomplishing the chuche revolutionary cause with the honour of holding Comrade Kim Chong-il at the head of the party and the revolution.

WPK Anniversary Celebrated in Russia, Peru

SK3009044595 *Pyongyang KCNA in English*
0404 GMT 30 Sep 95

[FBIS Transcribed Text] Pyongyang, September 29 (KCNA) — A meeting to celebrate the 50th founding anniversary of the Workers' Party of Korea [WPK] was held in Moscow by the "Left Russia" party on September 26.

Vladimir Burshgov [name as received], chairman of its political council, said in his speech that the WPK greeting the 50th anniversary of its foundation is the most dignified and strongest party in the world, which was founded and led by respected Comrade Kim Il-song.

He said Comrade Kim Chong-il, who perfectly personifies the idea and leadership ability of Comrade Kim Il-song, stands in the van of the WPK.

The WPK will carry to accomplishment the idea and cause of Comrade Kim Il-song and achieve the historical cause of national reunification in the 1990s under the wise leadership of Comrade Kim Chong-il, he stressed.

A letter to Comrade Kim Chong-il was adopted at the meeting.

The people's front of workers, peasants and students of Peru also held a celebration meeting.

Genaro Ledesma Izquieta, chairman of the front, said in his speech that Comrade Kim Il-song, an outstanding leader of the world revolution, founded the chuche idea, laid an organisational and ideological foundation for the party and proclaimed the foundation of the WPK on October 10, 1945.

He said the great leader Comrade Kim Chong-il has developed in depth the theory of the party building of chuche and strengthened and developed the WPK as the party of Comrade Kim Il-song.

The WPK is a model of the revolutionary parties, which is united around the great leader Comrade Kim Chong-il in idea, intention and morality and is the most dignified and strongest.

After the meeting the Peruvian artistes gave a celebration performance.

Symposium Marks WPK Anniversary

SK3009052095 *Pyongyang KCNA in English*
0436 GMT 30 Sep 95

[FBIS Transcribed Text] Pyongyang, September 30 (KCNA) — A symposium of men of literature and art was held here on Friday to mark the 50th founding anniversary of the Workers' Party of Korea [WPK].

It was said at the symposium that the WPK is a veteran and tested revolutionary party which established the harmonious whole of the leader, the party and the popular masses and leads the popular masses' cause of independence, the socialist cause, to brilliant victory and that the socialist literature and art are efflorescing and developing under the leadership of the party.

Speakers said the great leader President Kim Il-song expounded the idea of the chuche-oriented literature and art, indicated the road of literature and art in each period and stage of the revolution and opened a broad way of their development.

They said the great leader Comrade Kim Chong-il gave unique and perfect answers to theoretical and practical questions arising in building socialist and communist literature and art with his brilliant intelligence and outstanding ideological and theoretical activities and opened the great golden age of literature and art.

"Theory on Cinematic Art", "Theory on Chuche Literature", "Theory on Music Art", "Theory on Dance Art" and other famous works published by Comrade Kim Chong-il in those days of the literary and art revolution are an encyclopedia for the development of human literature and art and his distinguished exploits in the history of human literature and art.

Meeting Marks 50th Anniversary of Trade Union

SK0310044095 *Pyongyang KCNA in English*
0428 GMT 3 Oct 95

[FBIS Transcribed Text] Pyongyang, October 3 (KCNA) — A meeting to mark the 50th anniversary of the World Federation of Trade Unions [WFTU] was held here on Monday at the Central Workers' House.

Chu Song-il, chairman of the Central Committee of the General Federation of Trade Unions [GFTU] of Korea, spoke at the meeting.

He said:

The World Federation of Trade Unions that emerged in the grandiose struggle of the working masses for peace and democracy and against war and fascism has discharged its mission with credit as an anti-imperialist independent force, making great contributions to the pro-

gressive development of the world trade union movement in the past 50 years.

He recalled that the WFTU has strengthened and developed to be an anti-imperialist independent international organization with 130 million members in 120 countries.

He noted that the great leader Comrade Kim Il-song, from 1947 after the liberation to 1994, the last year of his life, had granted audiences to successive presidents and secretary generals of the WFTU who visited Korea and indicated the orientation and methods for the strengthening and development of the federation.

"The federation will, in the future, too, emerge victorious in accomplishing the noble cause of building a new world, peaceful, prosperous and independent, in the idea of independence, peace and friendship," he said.

A congratulatory letter of the GFTU Central Committee to the secretariat of the federation on its 50th anniversary was read out at the meeting.

WPK To Continue Emphasis on Chuche

*SK0110104895 Pyongyang KCNA in English
0846 GMT 1 Oct 95*

["WPK Will Always Remain Chuche-Type Revolutionary Party" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 1 (KCNA) — The Workers' Party of Korea founded by the great leader Comrade Kim Il-song continues to strengthen and develop as a chuche-type revolutionary party, says an article of NODONG SINMUN today.

The article goes on:

Our party will keep its blood of chuche pure forever and convey the immortal feats of Comrade Kim Il-song down through generations.

It quotes the great leader Comrade Kim Chong-il as saying:

"We must continue to strengthen and develop our party into a revolutionary party which eternally upholds the great Comrade Kim Il-song as the leader and teacher, into a militant party which breathes and moves in keeping with his ideology and purpose".

The article says:

Our party has covered a glorious road, going through manifold trials and difficulties for 50 years after its foundation and for about 70 years since it struck its root.

Our party has always taken the revolutionary idea of Comrade Kim Il-song as its only guiding line in the

long and arduous course of building itself and leading revolution.

It is the most brilliant victory achieved in our revolution that our party has held the great Comrade Kim Il-song in high esteem as its eternal leader and developed itself with a bright prospect to accomplish the revolution in the line of leader's idea and intention.

President Kim Il-song provided the revolutionary tradition of chuche in his whole life. Now it is the spirit of our party to make all efforts to strengthen the singlehearted unity of the whole party, the entire people and whole army based on the revolutionary idea of the leader, the chuche idea, in every way and fulfill the behests of the president with the tradition as its life line.

Holding the fatherly leader Comrade Kim Il-song in high esteem forever, our party has developed as a revolutionary party of chuche type.

Our party has set a good example showing what stand a working-class party should have in holding its founder, its leader in high esteem during half a century of leading the Korean revolution under the leadership of Comrade Kim Il-song.

Though the fatherly leader passed away, it is the invincible will of our party to respect him forever as the leader and the sun of chuche.

Now the Korean people take the firm faith given by the party, the conviction that Comrade Kim Il-song will always be with them, and devotedly struggle to carry out their duties as the soldiers of the leader, the disciples of the leader, missing him in happy time or difficult time.

Our party shines itself as the revolutionary party of chuche type as it takes the revolutionary idea of the leader, the chuche idea as its eternal guiding idea.

As long as the popular masses remain and their struggle continues, the chuche idea has eternal viability and the invincibility and dignity of our party which is struggling with the chuche idea as its guiding idea are guaranteed for all ages.

Our party will always remain a revolutionary party of chuche type also because it steadfastly defends the immortal revolutionary traditions established by Comrade Kim Il-song and keeps them shining for all ages.

Our party is fully demonstrating its honour and dignity as a revolutionary party which is definitely inheriting the blood of chuche provided by Comrade Kim Il-song because it is guided [by] respected Comrade Kim Chong-il.

The great leader Comrade Kim Chong-il with boundless loyalty to Comrade Kim Il-song, farsightedness and great ability has devoted all his energy to strengthening and developing our party as an eternal revolutionary party of *chuche* type in the whole period of his revolutionary activities.

As we are guided by Comrade Kim Chong-il, we have the party shining forever with the august name of the fatherly leader and the Korean revolution inheriting the blood of *chuche*.

The Workers' Party of Korea will always remain a revolutionary party of *chuche* type. Comrade Kim Il-song is the eternal leader of our party and the symbol of invincibility. There is no force capable of checking the Korean people, who are vigorously advancing under the leadership of the experienced and tested party which guides the cause of independence of our era, the ever-victorious party shining with the august name of Comrade Kim Il-song.

Railway Workers Symposium Marks Anniversary

SK0310050395 Pyongyang KCNA in English
0445 GMT 3 Oct 95

[FBIS Transcribed Text] Pyongyang, October 3 (KCNA) — A symposium of railway transport workers was held here on October 2 to mark the 50th anniversary of the Workers' Party of Korea.

Speakers said at the symposium that the great leader Comrade Kim Il-song and respected Comrade Kim Chong-il considered the railway transport to be the pilot of the national economy and wisely led it to a radical progress.

Speakers stressed that railway transport officials and workers should actively contribute to strengthening the might of our socialist fatherland and party single-heartedly rallied behind Comrade Kim Chong-il and to accomplishing the revolutionary cause of *chuche* by achieving greater success in transport through the "drive for extra-haulage on schedule without accident to implement the decision of the 18th plenary meeting of the fifth Central Committee of the Workers' Party of Korea" put forward by our party.

Book on Korea Highlights Peninsula's History

SK2909120495 Pyongyang KCNA in English
1508 GMT 28 Sep 95

[FBIS Transcribed Text] Pyongyang, September 28 (KCNA) — The International Korean Association (Unity), called International Kotongnyon, recently published a book "Koreas—Division, War and Reunification."

The book was edited by the chairman of International Kotongnyon, Kang Il, and others.

It, consisting of five chapters and eighteen articles, gives explanations of the historical background of Korean division, the start of the Korean war by the U.S. imperialists, the chief obstacles to Korean reunification and its prospect.

It says Korea was divided into the North and the South, the tragedy which was caused by the United States and other powers.

It notes that the proposal for founding the Democratic Confederal Republic of Koryo put forward by the great leader President Kim Il-song is the most realistic and reasonable plan for reunification.

It also recalls that DPRK-U.S. talks were held at a time when the United States was raising a hue and cry over the "nuclear issue," and U.S. President Bill Clinton sent a letter of guarantee concerning the provision of light water reactors and the supply of alternative energy to His Excellency Kim Chong-il, the supreme leader of the Democratic People's Republic of Korea.

The book says the country can be reunified only when the 70 million Korean people are united, and calls on the world people to fully support the Korean people's ardent desire for reunification.

It stresses that the august name and cause of President Kim Il-song, the great son of the Korean people, will always be kept recorded in the history of the struggle for freedom, justice and human liberation.

Noting that the great leader Comrade Kim Chong-il, the successor to President Kim Il-song, has wisely guided the party, the state and the Army from a long time ago, the book expresses the belief that glory is in store for the Korean people advancing under his leadership.

"As Comrade Kim Chong-il said, a strong sense of justice and obligation, diligence, bravery, etiquette and morality are the best traits of the Korean people and they are developing comprehensively on the new ideological and ethical basis of our age," the book says.

The book expresses the hope for a bright prospect of the Korean reunification, the will of the Korean people and inevitable requirement of history.

War Crimes by 'Peace Maintenance Corps' Noted
SK0310050895 Pyongyang KCNA in English
0449 GMT 3 Oct 95

[*"Massacre by 'Peace Maintenance Corps' Disclosed in S. Korea" — KCNA headline*]

[FBIS Transcribed Text] Pyongyang, October 3 (KCNA) — It has recently been revealed that the "Peace Maintenance Corps" (PMC) which served the U.S. imperialists and the South Korean puppet clique during the Korean war killed many innocent peoples in Koyang City, Kyonggi Province, South Korea, according to a Seoul-based radio report.

A man surnamed Kim, a native of Koyang City, made a survey in 1991 to publish a bulletin about the history of the town. During the survey, he happened to know that the "PMC" drove innocent inhabitants into a 50-metre-deep gold mine pit and killed them in 1950. So, he formed a fact-finding committee and launched a thoroughgoing investigation to make clear the case.

Remains of the dead, cartridges and ropes believed to be used to bind them were found in the pit, clarifying the truth behind the incident in a scientific way.

In the period of the strategic temporary retreat of the Korean People's Army in the fatherland liberation war, the "PMC" bound more than 1,000 peoples hand with ropes — those who served people's power bodies or helped the people's army and their families — and took them to the pit and fired at them before burying them.

"With their remains discovered, another fact of the concealed history has been revealed," said the radio.

The case has sparked public resentment at the murderers' shocking crime.

Self-Sufficient Counties in Power Output Viewed
SK0210114495 Pyongyang NODONG SINMUN
in Korean 31 Aug 95 p 3

[Report by Tong Song-chong]

[FBIS Translated Text] The great leader Comrade Kim Il-song taught: "In our country, there are many rivers and streams on which we can build small-and medium-sized hydroelectric power plants."

Upholding the fatherly leader's behests, counties across the country are vigorously waging the struggle to meet the demand by themselves by building small-and medium-sized hydroelectric power plants without receiving electricity from the state.

Yangdok County and Taehongdan County are setting an example in the struggle to meet the demand with the

electricity produced by themselves without using the electricity provided by the state.

Yangdok County is benefiting greatly from the small-and medium- sized power stations in its county.

The county has built some 40 small- and medium-sized power stations, including Nos. 1 and 2 Unhari Power Stations; No. 1 Naedong Power Station; No. 1 Chuma Power Station; and Nos. 1, 2, 3, and 7 Unchang Power Stations.

During his on-the-spot guidance to Yangdok County in September 1947, the fatherly leader was delighted at seeing a small-sized water mill-type power station in this county and taught that other units should generate electricity by building such a small- and medium-sized power station.

Upholding the fatherly leader's teaching, the county has built small- and medium-sized power stations on a large-scale by building dams with local materials at the most suitable places in conformity with a yearly plan, and produced a lot of electricity. In doing so, the county has benefited greatly.

The electricity produced by No. 1 Tongdong Power Plant on the Songgang Stream by constructing a dam not only operate all power facilities in this area but also is used for lighting up and heating public buildings in winter.

The county has set the goal of further building No.2 Yongpyong Power Station and Unchang Nos. 4, 5, and 8 Power Stations, and making achievements in power production.

One hundred percent of the electricity used in Taehongdan County is the one produced by itself.

Under the party's great benevolence, the county has carried out well the work of building small- and medium-sized power stations and is using the electricity not only for lightening up but also for heating.

In the county, many-storied houses are preparing food and warmly heating the floor with electricity. Organs, complexes, schools, kindergartens, public nurseries, and restaurants are heated by electricity as well.

Official Says North Considering Stock Market
OW0210144495 Tokyo KYODO in English
1407 GMT 2 Oct 95

[FBIS Transcribed Text] Bangkok, Oct. 2 KYODO — North Korea is considering establishing a stock market in its Najin Sonbong Special Economic Zone after construction work there is completed, a senior North Korean official has said.

Kim Chong-u, chairman of North Korea's Committee For Promotion of External Economic Cooperation, revealed the plan in an interview with KYODO NEWS SERVICE in Bangkok on Saturday [30 September].

Kim said North Korea takes Singapore as a model for the special economic development zone because the geography of Najin Sonbong is very similar to Singapore — it has a good port and the zone is about the same size as Singapore.

Pyongyang is considering allowing offshore banking facilities in the special zone so as to stimulate fund inflows from overseas, Kim said.

He also said 20 foreign business entities have signed an agreement to set up in the economic zone and seven of the corporations, from Japan, South Korea, Britain and China, have already invested a total of 20 million dollars.

Among them, a European bank and a Hong Kong securities company opened offices Sunday, Kim added.

No Japanese banks have yet taken definite action to establish business in the special zone, but Pyongyang would welcome them if they chose to do so, Kim said.

Pyongyang wants to convert its economy to an export-oriented one by making a success of the special zone, said Kim, who is a close aide of Kim Chong-il, the de facto leader of the country.

The construction of the special economic zone is a little behind schedule but will be completed by 2010, he said. It was originally planned to be established by 2001 in three phases from 1993.

The special economic zone is part of a larger development project under the UN development program in the Tumen River area that lies on the border of North Korea, Russia and China.

Power Station Complex Increases Production

*SK3009065095 Pyongyang Korean Central Broadcasting Network in Korean
1200 GMT 29 Sep 95*

[FBIS Translated Text] Electricity producers of the 17 March Hydraulic Power Station Complex have been increasing production with a single desire to celebrate the 50th anniversary of the party's founding with greater feats of labor.

Electricity producers at the complex have been increasing production in hearty response to the party Central Committee's slogan which calls for increasing electricity production to the utmost by operating all power stations at full capacity. These days they are producing

electricity 30 percent more than they did at around the same time last year.

In particular, the electricity producers of the First Electricity Generation Shop, where one can find the great leader Comrade Kim Chong-il's immortal achievements in leadership, give priority to doing maintenance on facilities and are operating them at full capacity. In so doing, they are overfulfilling the daily plan by over 40 percent.

Electricity producers of the Second and Third Electricity Generation Shops are responsibly doing maintenance on reservoirs, dams and waterways and accelerating production and, thus, producing more electricity than planned.

Provincial Rally Pledges To Afforest Mountains

SK3009065595 Pyongyang Korean Central Television Network in Korean 1100 GMT 26 Sep 95

[FBIS Translated Text] A workers rally of North Pyongan Province has been held to thoroughly implement the party's militant task of covering all mountains of the fatherland with green forests.

Kim Hak-pong [chief secretary of the provincial Workers Party of Korea committee and chairman of the provincial people's committee] delivered a report at the rally. This was followed by a debate.

The speaker and those who participated in the debate said that the party's militant task of covering all mountains of the fatherland with green trees reflects the will and aspirations of our party and people to make our country and our fatherland more prosperous and powerful. They also stressed a need for all party members, workers, and school children in the province to cover all mountains with green forests by launching an all-people movement and, thus, positively contribute to making the country prosperous and developing it and providing assets to posterity.

Corn Harvesting 45 Percent Completed Nationwide

*SK3009102995 Pyongyang Korean Central Broadcasting Network in Korean
2100 GMT 29 Sep 95*

[FBIS Translated Text] The rural areas across the country, significantly greeting the 50th anniversary of the party founding, are vigorously accelerating corn harvesting. According to comprehensive data, corn harvesting had been accomplished 45 percent nationwide as of 20 September.

In South Hwanghae Province and Nampo, corn harvesting was over 90 percent completed, and in many cities

and counties corn harvesting was 100 percent completed.

Industrial Growth of N. Hamgyong Viewed

*SK3009115695 Pyongyang KCNA in English
1027 GMT 30 Sep 95*

[FBIS Transcribed Text] Pyongyang, September 30 (KCNA) — A total industrial output value has grown 862 times. This is an economic index showing the development of industry in the North Hamgyong Province for 50 years since the foundation of the Workers' Party of Korea.

Before the liberation of the country the industry of the province was very backward. But it has made rapid progress under the leadership of the party after the liberation.

The province has coal, metal and chemical industries of national significance as well as modern light industry and fisheries.

The ferrous metallurgical industry is the main structure of the province's industry.

There are the Kim Chaek Iron Complex, the Songjin Steel Complex and other iron and steel works and metal factories in the province abundant in iron ore and fuel resources.

Musan Mining Complex is located in the northern area of the province with a large deposit of high-grade iron ore resources.

Ore concentrates produced there are carried directly to the Kim Chaek Iron Complex through a pipeline 98 km long.

Iron and steel produced in the province account for 60 per cent of the total output of the nation.

The production of iron and steel increased every year. Pig iron grew 11.4 times, steel 77.4 times and rolled steel 70.9 times in the past 50 years.

Machine-building and ship-building industries have developed to produce coal and mining equipment, precision machines and other machines. 14,000 ton cargo ships and modern fishing boats are being built.

The output of machines last year was 340 percent up above the figure of 1958. The province, rich in hydraulic power and coal resources, has large-size coal mines and hydro and thermal power plants.

The production of lignite holds 80 percent of the national output.

Some 20 local industrial factories are run in every city and county of the province.

Factories and enterprises of the province are now effecting innovations in production with the approach of the 50th anniversary of the foundation of the Workers' Party of Korea.

A total industrial output value rose 4.7 percent in four months from May this year compared with the same period of last year.

Garment Plant Completes 1995 Production Plans

*SK0210071895 Pyongyang Korean Central
Broadcasting Network in Korean 1200 GMT 1 Oct 95*

[FBIS Translated Text] According to a report by station reporter Choe Chin-kun, party members and workers at the Kaesong Aeguk Garment Plant, who are vigorously carrying out the struggle to glorify the 50th anniversary of the party's founding anniversary with great political zeal and brilliant labor results, have proudly and brilliantly accomplished their production plans for this year.

The functionaries of the plant, including Manager Kim Sun-sim and Chief Engineer Kim Yong-hae, encouraged the revolutionary zeal of the workers by vigorously carrying out the political work and economic agitation work, tenaciously organized and supervised the production work, and resolved problems with responsibility. By doing so, they enabled all work teams to effect great innovative upsurges.

Workers at the workshop No. 1 operated all facilities at full capacity to effect massive innovations in production, saying that the loyalty to the party and the leader must be expressed by doing, not by saying. As a result, they kept overfulfilling daily plans at 150 percent or more.

While remembering always what they had pledged before the bier of the fatherly leader, workers at the workshop No. 2 accelerated the production of export items, thus overfulfilling daily plans at 150 to 200 percent.

Meanwhile, workers at the cutting and pressing workshop implemented tasks assigned to them in a responsible way and made a great contribution to accomplishing the yearly production plans of the plant ahead of schedule.

Wiwon Power Station Improves Productivity

*SK0210064995 Pyongyang Korean Central
Broadcasting Network in Korean
1200 GMT 30 Sep 95*

[FBIS Translated Text] Electricity producers at Wiwon Power Station have overfulfilled their power generation plans every month, every quarter. With the same spirit, they are continuing the vigorous struggle to increase

power generation. Deeply understanding that electricity is production and that upsurges in production depend on increased power generation, workers of the power generation workshop check and repair generators well and scientifically distribute the load. They produce more electricity than their plan every day.

They have ceaselessly improved the operation of height differences to generate more electricity with the same amount of water. They are fulfilling daily plans at 105 percent.

South Korea

Probe Ordered on Team Negotiating With U.S.

SK0310125395 Seoul TONG-A ILBO in Korean
3 Oct 95 p 1

[FBIS Translated Text] On 2 October, Chongwadae [presidential offices] began to investigate serious discord and lack of cooperation between the Foreign Ministry and the Ministry of Trade, Industry and Energy [MTIE] in the course of the automobile negotiations with the United States.

The investigation has begun according to a special order of President Kim Yong-sam.

A high-ranking government official said that "the discord between the two ministries in the course of recent negotiations was so serious that a number of problems were raised. Some people pointed out that there were even acts of benefiting the enemy. This being the case, the investigation of relevant officials in two ministries was launched on 2 October. The law-enforcement team in the Office of the Senior Secretary for Petitions and Information in Chongwadae is in charge of the investigation."

This official stated that the current investigation will focus on whether the two ministries competed with each other in taking the initiative in the negotiations; whether the Foreign Ministry intentionally leaked our side's negotiation plan and delayed the delivery of the government's instructions; whether the Foreign Ministry, which obtained the U.S. side's draft agreement, intentionally delayed sending this draft to the MTIE, and whether the MTIE exaggerated the problem and leaked it to the press.

He added that "it was learned that a high-level official in the MTIE was not able to fully understand the content of the telephone conversation with Mickey Kantor, the U.S. Trade Representative, in the course of the negotiations, thus causing a stumbling block in the talks. This particular case is also subject to investigation. There have not been only one or two cases of discords and quarrels between the Foreign Ministry and MTIE

in the course of external trade negotiations. However, at no time has such serious discord been exposed than at this time."

He pointed out that the true aspects will be made public through a complete investigation and when necessary. Not only the taking those concerned to task but also reorganization of overall channels in external trade may possibly follow.

Article Compares U.S. Reaction to Rape Cases

SK0310062195 Seoul HANGUK ILBO in Korean
3 Oct 95 p 4

[Article by Yim Chong-kon, editor of HANGUK ILBO's International Department, in the "Echo" column: "U.S. Servicemen's Crime in the ROK and Japan"]

[FBIS Translated Text] Anti-American sentiment has heated up in Japan. Three U.S. servicemen stationed in Okinawa raped a Japanese elementary school girl on 4 September.

The Japanese people are enraged over the State of Forces Agreement [SOFA] between Japan and the United States which stipulates that U.S. soldiers who commit crimes not be handed over to Japanese authorities until indictment. They are demanding the revision of SOFA and local assemblymen, whose electoral districts have U.S. Army bases, are adopting statements calling for the SOFA revision. Okinawa citizens are even demanding the withdrawal of the U.S. base, and the Okinawa Prefecture governor said he would reconsider the renewal of the land lease contract with the U.S. base.

Public opinion has not abated in spite of successive apologies by the U.S. Government and the U.S. Forces in Japan.

Crimes by U.S. servicemen in Japan and the ROK are essentially of the same nature. However, reactions have been completely different. There was also a case of rape of an elementary school girl by a U.S. soldier in the ROK in 1991, and it was followed by the so-called "Yun Kumi case" in 1992, and the controversial case of sexual harassment in the subway in May 1995.

Since 1972, there have been some 500 cases of crime by U.S. soldiers in Okinawa, where 70 percent of the U.S. Forces in Japan is stationed. In the ROK, 2,000 such cases are reported annually, and there has been a total of 100,000 cases since the presence of U.S. Forces in the ROK. The Japanese Government exercised its trial rights in 32 percent of the cases, but the ROK has only tried 0.7 percent. This is not the only difference.

One after another, high-ranking U.S. Government officials have made official apologies on the Okinawa case: U.S. Ambassador to Japan Mondale, U.S. Secretary of State Christopher, and U.S. President Clinton. At a news conference on 21 September, President Clinton said: "The United States does not condone any misconduct on the Japanese people. We will seek procedures to improve the situation," which implies the possibility of revising the SOFA. Japanese Foreign Minister Kono Yohei met with U.S. Secretary of State Christopher in the United States on 26 September and received an official apology after 10 minutes of discussion.

The ROK public was also enraged over the Yun Kum-i case and the subway sexual harassment case, but the government has kept silent. The ROK Foreign Minister visited the United States frequently when the incident took place, but we never heard him mention a word on the issue. No U.S. Government official felt it was necessary to apologize. On the contrary, we heard an absurd "lecture" from the U.S. ambassador that the ROK press was not fairly reporting the subway sexual harassment case. Maybe we are bringing this discrimination on ourselves.

U.S. Pressure To End Import Barriers Expected

SK3009023695 Seoul THE KOREA HERALD
in English 30 Sep 95 pp 1, 8

[FBIS Transcribed Text] Despite the settlement of key issues at the auto trade talks held in Washington, the United States has redesignated South Korea as an Area of Concern, a sign that U.S. pressure for the full opening of Korea's domestic car market will continue.

Another sign that the U.S. will not turn off the pressure is the agreement at the auto trade talks to create a consultative body between the two governments and extend the dialogue until June 1, 1996 to monitor compliance with key points of the memorandum of understanding reached between Seoul and Washington.

U.S. Trade Representative Mickey Kantor announced Thursday in Washington that the United States has excluded South Korea from a priority list of foreign countries subject to Super 301 trade sanctions due to the progress in the auto trade talks.

Because of the deal with South Korea, no country will be cited this year under the 301 provisions, which call for 100 percent retaliatory tariffs on exports to the United States, Kantor was quoted as saying.

Under Super 301, the United States could impose punitive measures against South Korea if it does not take steps to redress the huge trade imbalance.

The USTR has designated Korea's auto, medical equipment and agricultural markets as an Area of Concern, or Class III, which does not carry the threat of possible trade sanctions but still puts the targets on its close-watch list for full market deregulation.

Commenting that much more needs to be accomplished to fully open the Korean auto market, Kantor said that his office would closely monitor Korea's compliance and held open the possibility of bringing a case against South Korea before the World Trade Organization (WTO) if significant increases in U.S. auto imports were not realized.

He noted that foreign imports accounted for only 0.3 percent of the South Korean auto market in 1994. By contrast, foreign imports account for 5 percent of the auto market in Japan, 38 percent in France and Germany, and 33 percent in the United States.

In 1994, South Korea imported only 1,897 American cars, representing \$76 million, while exporting 206,625 vehicles to the United States worth \$1.4 billion, he said.

Although South Korea has avoided the U.S. threat of trade sanctions this time, pressure from Washington on the Seoul government to eradicate import barriers and slash more auto-related tariffs and taxes is expected to continue in the months ahead, officials at the Ministry of Trade, Industry and Energy (MOTIE) said.

Meanwhile, the agreement reached between the two countries would lower taxes for owners of big cars in South Korea — those with an engine size greater than 3,000cc — to 370,000 won from 650,000 won, a reduction of 41.3 percent.

The tax on cars with an engine size of 2,500-3,000cc would be reduced to 310,000 won from the current 410,000 won, a 24.4 percent drop. The agreement calls for a reduction in the special excise tax on medium and large cars from 25 percent to 20 percent. It also allows U.S. automakers to test automobiles at laboratories in the United States, without further testing in South Korea, for pass-by noise standards in that country.

At the same time, it provides for MOTIE to send a letter to the Korean Automobile Importers and Dealers Association, stating that the mere ownership of a foreign auto will not prompt a tax audit or other government harassment.

Editorial Urges Unified Trade Negotiation Channel

SK0210032095 Seoul KYONGHYANG SINMUN
in Korean 1 Oct 95 p 3

[Editorial: "Foreign Trade Channels Should Be Reorganized"]

[FBIS Translated Text] The ROK Trade and Industry Ministry and the Foreign Ministry fiercely fought over the initiative during the recent ROK-U.S. car negotiations, even at the risk of causing the failure of the negotiation strategy. This cannot be passed over lightly. Now is the era of the World Trade Organization, an era of unlimited competition in which countries fight over trivial profits. At every important trade negotiation, the ROK still exposes its internal disagreement in the face of the enemy. How can the national interests be defended?

The related government departments refutes that "the exchange of opinions out of patriotic concerns should not be regarded as friction." The ROK people would have had no reason to reprimand, if not console, the negotiation team or related ministries that returned from hard negotiations with the United States, had they not fought for the position of the chief delegate, argued throughout the negotiations, and denounced each other for "interfering to break up the negotiations." Such extreme ministry selfishness and disharmony should not continue.

Cars are the ROK's major export and strategic product. The ROK team showed its ungainly appearance at the negotiations that decided the future of the ROK car industry. The opposite side must have looked down on us. The U.S. team knew about the ROK's last hidden card and pressed hard from the beginning. It was a one-sided game. In order not to repeat such mistakes, the ROK Government should closely analyze and investigate the negotiation process and clarify who should be held responsible.

The current trade organization is obviously inefficient. The ROK Government should start an overhaul. When the government's coordination ability was questioned following the negotiations on grapefruits and other agricultural products in the spring of 1994, the government said in confidence that "the government agencies have stronger coordination." However, the reality is that the External Economic Bureau and the trade support team of the Finance and Economy Ministry are unable to lead negotiations, while the Foreign Ministry, the Trade and Industry Ministry, and other related agencies fight over the initiative every time.

The government should bring them under control. There are still many difficult negotiations ahead, including those on industrial productions, finance, and service. A

government working toward globalization and foreign trade-oriented economy should have a well organized channel for external trade negotiations. The government may consider the establishment of a trade agency similar to the U.S. Trade Representative, which is in charge of all trade negotiations. If this is difficult at the time, the government should at least reorganize the negotiation team. The channel for external negotiations must be unified.

Dailies on Results of ROK-U.S. Car Talks

SK3009005895

[FBIS Editorial Report] The following is a compilation of editorials on the conclusion of ROK-U.S. automobile talks in Washington carried by ROK vernacular newspapers on 29 September.

Conservative CHOSON ILBO carries on page 3 a 1,000-word editorial entitled "Let Us Turn Adversity Into Our Advantage With Regard to the 'Automobile Agreement'."

The editorial first elaborates on the agreement in the ROK-U.S. automobile talks and says that the lowering of tax rates for big cars is a bad precedent, adding: "This is because there is no guarantee that no other foreign country will ask the ROK to lower our tax rates again and because this will serve as a bad precedent in other trade negotiations." The editorial also says that the lowering of tax rates for big cars will increase energy consumption and worsen the balance of international payments. After describing the protection of the ROK automobile industry so far, the editorial concludes: "The agreement in the ROK-U.S. automobile talks will serve as an opportunity to turn adversity into our advantage if this eliminates the easy-going practice of domestic carmakers and dealers."

Moderate TONG-A ILBO carries on page 3 an editorial entitled "Bitter Aftertaste of ROK-U.S. Authorities Negotiations." The editorial says: "No matter what anyone may say, it is obvious that big cars will flood our roads." It goes on to say: "We cannot accept the fact that the United States has tried to treat the ROK in the negotiations like Japan. We ask our government how hard it tried to persuade the United States to understand that the ROK is different from Japan. The Ministry of Trade, Industry, and Energy explained that we had no other choice because the United States threatened to designate the ROK as a priority foreign country. Still, our aftertaste is bitter."

Moderate CHUNGANG ILBO carries on page 5 an 800-word editorial entitled "Tasks After Automobile Negotiations." The editorial first says that it is fortunate that

an agreement was reached at the ROK automobile talks. It, then, says: "The government must establish an office that exclusively takes charge of trade diplomacy and raise experts." It goes on to say: "We must revise our laws and systems concerning taxes and financing to comply with international standards in case they cause trade frictions." The editorial, then, concludes: "Producing quality cars through technological development is the only way to win the competition with foreign countries. Domestic carmakers may find it difficult to do so. However, this is the difficulty we should overcome without fail to become a powerful carmaking country."

Moderate HANGUK ILBO carries on page 3 a 1,000-word editorial entitled "Conclusion of ROK-U.S. Automobile Negotiations." The editorial first says: "The U.S. demand that the 8 percent tax for big cars be reduced to 2.5 percent, a rate prevalent in the United States, is unfair given the European rate of 10 percent." The editorial still says the ROK's concession on the tax rates is not an excessive concession, saying: "This should not be considered to be our abandonment of the right of taxation but the application of the principle of reciprocity."

Moderate KYONGHYANG SINMUN carries on page 3 an 800-word editorial entitled "After the Conclusion of ROK-U.S. Automobile Negotiations."

The editorial says that the U.S. pressure to open the ROK automobile market will continue despite the agreement at the recent ROK-U.S. automobile talks, saying: "it is obvious that, in time, the United States will raise the pending issues it has withheld so far, and make new demands, including the purchase of automobile parts." The editorial concludes: "Fierce competition is inevitable in the era of open doors, and foreign countries will make more frenzied efforts to hold the ROK in check. Carmakers must clearly see the reality and make every effort to improve their competitiveness."

Pro-government SEOUL SINMUN carries on page 3 an 800-word editorial entitled "Conclusion of the Automobile Negotiations, in Which We Preserved Our Right of Taxation." The editorial first welcomes the conclusion of the automobile negotiations through concessions and compromise, saying that the ROK-U.S. agreement on the seven-stage tax rate means that the ROK Government's will to preserve its right of taxation has been implemented. The editorial, then, says: "We expect that the ROK and U.S. Governments will continuously display in future negotiations the spirit of concessions and compromise which they displayed in the recent negotiations."

Conservative MUNHWA ILBO carries on page 3 a 1,000-word editorial entitled "On Seeing the Conclusion of the Automobile Negotiations." The editorial first

says: "As a result of the conclusion of the negotiations, the impression that the ROK has built an 'open obstacle' to foreign cars will disappear, though not completely." Referring to the myriads of tax systems, the editorial says: "It has been pointed out that this abnormal complex structure has caused trade frictions and does not benefit our automobile industry." The editorial concludes: "A correct industrial policy gives rise to a competitive trade policy. The recent automobile negotiations have made us realize that a reasonable taxation system will make us win in trade negotiations in the global market."

Foreign Minister Meets Iraqi Counterpart

SK0310040495 Seoul YONHAP in English
0220 GMT 3 Oct 95

[FBIS Transcribed Text] New York, Oct. 2 (YONHAP) — South Korea and Iraq Monday agreed to seek civilian-level economic cooperation and to resume trade and investment between the two countries which have been suspended by a United Nations resolution which imposed economic sanctions on Iraq since the outbreak of the Gulf War in 1990, Foreign Ministry Spokesman So Tae-won said Monday.

Foreign Minister Kong No-myong held a meeting with his Iraqi counterpart Muhammad Sa'id Kazim al-Sahhaf at the United Nations to discuss economic cooperation between South Korea and Iraq in preparation for the lifting of UN sanctions against the Middle Eastern nation, according to So.

So also quoted Kong as saying, "It is necessary for Iraq to reimburse South Korea for 1.35 billion U.S. dollars in outstanding construction and import payment debts as soon as possible."

Kong also said that South Korea will provide 70,000 dollars worth of humanitarian aid in the form of medical supplies to Iraq for free.

"The United Nations Security Council (UNSC) already approved the humanitarian assistance and the supplies will soon be shipped to Iraq," Kong was quoted as saying.

Spokesman So said that the deliveries will be the first of their kind since the outbreak of the Gulf War, adding, "Many countries are currently proposing the restrictions on Iraq be lifted since Iraq has fully complied with the obligations imposed by the United Nations."

In an ensuing meeting with U.S. Undersecretary of State for Political Affairs Peter Tarnoff in the United Nations, Kong discussed the proposed revision of the Status of Forces Agreement (SOFA) and the exchange of liaison offices between Pyongyang and Washington.

Kong stressed the need for the two countries to seek early solutions to pending issues on the revision of the SOFA, including the extent of South Korea's jurisdiction over American servicemen stationed there, according to the spokesman.

Tarnoff was quoted by So as responding that he fully understands the sensitivity of the issue on the part of South Korea.

Kong also sought the United States' understanding for South Korea's position on the issue of whether differential treatment should be extended to sensitive areas such as rice trade in the upcoming Asia Pacific Economic Cooperation (APEC) summit for liberalization of trade and investment in the Asia Pacific region.

The foreign minister then demanded that the U.S. Embassy in Seoul take measures to expedite the issuance of visas for Koreans.

On the opening of liaison offices in Pyongyang and Washington, Tarnoff said that the two countries still have technical matters to resolve, including the procedure for passage of diplomatic pouches via the Truce Village of Panmunjom, before exchanging liaison offices, according to So.

North Korea and the United States, however, reached a broad agreement that the U.S. Liaison Office will be opened at the Swedish Embassy building in Pyongyang which was used as an embassy by former East Germany, Tarnoff was quoted as saying.

Two Students Detained Upon Return via Panmunjom

SK0310084295 Seoul KBS-1 Radio Network in Korean 0800 GMT 3 Oct 95

[FBIS Translated Text] The two delegates of the National Alliance of Youth and Students for the Country's Reunification [Pomchonghangnyon], who illegally visited North Korea to attend the joint events marking the 15 August National Liberation anniversary, returned to our side via Panmunjom this afternoon.

Chong Min-chu, a student expelled from Incheon College; and Yi Hye-chong, a student of the Catholic College; who are delegates of the South side headquarters of Pomchonghangnyon, arrived in Panmunjom at around 1500 [0600 GMT] this afternoon, and came to our side's area after attending a farewell event hosted by the North Korean side.

As soon as they arrived in our side, the Agency for National Security Planning placed them in custody and sent them to Seoul on a car, and detained them on the charges of violating the National Security Law.

During their illegal visit to North Korea, they not only attended the reunification festival events but also visited so-called revolutionary historic sites in North Korea. In addition, they made speeches positively supporting North Korea's reunification policy through the confederal system, thus committing acts benefiting the enemy.

North Delegate Blames 'Failure' on South

SK0210125195 Seoul YONHAP in English 1235 GMT 2 Oct 95

[FBIS Transcribed Text] Beijing, Oct. 2 (YONHAP) — A senior North Korean official on Monday afternoon denounced South Korea for "politicizing" the rice issue and thereby "ridiculing" the brethren to commit a serious "crime."

"The act of politicizing the rice issue and ridiculing the same brethren amounts to committing a crime no less serious than the great crime committed over the condolence issue," Chon Kum-chol, the chief North Korean delegate to the recent unsuccessful third-round South-North talks, said here.

In a press conference at Beijing Grand Hotel, Chon asserted that South Korea was to be blamed entirely for the failure of the third-round talks.

Chon argued that it grows clearer that "the South has been dealing with the rice issue not in a pure manner but from the angle of political strategy."

He said all the pending issues like those of the forced use of a North Korean flag by a South Korean rice vessel, holding of a rice vessel in connection with an alleged espionage act, seized South Korean fishermen, Rev. An Sung-wan, and the venue of future talks, were all raised by the South.

Regarding the issue of the fishermen of Usong-ho, Chon said his delegation had endeavored to realize their repatriation.

"But, their release has been delayed due to the need of medical treatment of the skipper and engine officer who were seriously wounded," he said.

On Rev. An Sung-un, he asserted it has been proved that An had defected to the North on his own during his work for a special South Korean agency.

He said that during the third-round meeting there was no objection from the Southern delegation to "such our remarks about the clergyman."

Asked if the North can provide an opportunity to confirm An's opinion in the presence of South and North Korean and Chinese officials, Chon said "this is a matter

already resolved... Moreover, the issue has nothing to do with the rice question."

Chon said the South's call for holding future talks somewhere on the Korean Peninsula only, is a one-sided demand. "During the recent meeting, there was no such proposal by the southern delegation," he said.

Insisting that the failure of the recent meeting was "a product of the South's political strategy," Chon said that if the two sides give and receive rice in a genuine manner under a peculiar circumstance as now, a door would be opened by itself for the resolution of the issues of dialogue, economic cooperation, reconciliation and government authorities talks.

Dailies Comment on Ruptured North-South Talks *SK0310043795*

[FBIS Editorial Report] The following is a compilation of editorials published by ROK vernacular newspapers on 3 October in reaction to the ruptured third round of North-South rice talks in Beijing.

The moderate TONG-A ILBO carries on page 3 an 800-word editorial entitled, "Maintain the Principles of North-South Talks." The editorial deems it "natural" that the Beijing rice talks broke up because North Korea did not show any change in attitude, and states that it was "inevitable" for the ROK Government to raise the issue of resuming official North-South talks. The editorial criticizes North Korea for insisting on holding talks in a third country and provides justifications for Panmunjom as an ideal venue, citing previous successful North-South talks held there and the crossing by former U.S. President Carter. The editorial continues to examine the position of Chon Kum-chol, chief North Korean delegate, and defines his title as "half official and half civilian." Noting that only the ROK Government regards him as a government official, the editorial states that "the Beijing rice talks was an abnormal meeting ignoring the principle that North-South talks should be held between government officials." The editorial concludes that the government should not be too anxious about the stalled North-South relations, but should adhere to its principles and develop relations from a long-term perspective.

The moderate CHUNGANG ILBO carries on page 4 a 600-word editorial entitled, "The Attitude Toward North Korea Is on the Right Track." The editorial states that the break up of the third round of talks is not a failure, but rather a gain in terms of "having reaffirmed the ROK's position toward North-South dialogue." The editorial criticizes North Korea's unilateral demand and indifference to appeasing the ROK people's sentiment by returning the abducted South Koreans. The editorial

urges North Korea to correctly read the ROK's resolute attitude shown at the third round of rice talks.

The left-leaning HANGYORE SINMUN carries on page 3 a 900-word editorial entitled, "Disappointing Attitudes Toward North-South Rice Talks." The editorial blames both South and North Korea for rupturing the rice talks. Citing the ROK's objection to recognize Chon Kum-chol's remarks as an "official request" for rice aid, the refusal to hold future talks in a third country, and Foreign Minister Kong No-myong's plan to raise North Korea's human rights issue in the forthcoming UN General Assembly, the editorial notes that the ROK has switched to a hard-line policy on North Korea. The editorial asks whether this is a short-term move to accommodate the recent conservative trend. The editorial continues to blame North Korea for showing a contradictory attitude, noting it requests rice aid while refusing to hold official talks. The editorial also urges North Korea to clarify its decision on the Usong boat crew. The editorial concludes that the North and the South should consider the other's position first in order to make North-South talks bear fruit.

Stance Toward North at Beijing Talks Analyzed *SK0210005995 Seoul KYONGHYANG SINMUN* *in Korean 1 Oct 95 p 3*

[Article by reporter Yi Pyong-kwang entitled "Why the Beijing Talks Broke Down"]

[FBIS Translated Text] The third round of the inter-Korean talks between the persons in authority from each side have ended without success because North Korea failed to make the overture we had hoped for and the North's position in the talks was far from acceptable to our government.

As the agenda for the talks, our government proposed the repatriation of the Usong-ho; the expansion of economic cooperation; the halt of slander against each other; and the clarification of the remarks made by Kim Yong-sun, secretary of the North Korean Workers Party. North Korea, on the other hand, raised the issue of additional rice aid and assistance in the rehabilitation of the damage caused by the floods.

Our delegation's position was that if North Korea first repatriates the Usong-ho and its crew and shows willingness to cooperate in other matters, we could positively review the North Korean demands, such as flood damage relief aid.

In the parliamentary investigation of state affairs prior to the Beijing talks, Na Ung-pae, deputy prime minister for national unification; made it clear that "beginning with the third round of talks, the government would link the

repatriation of the fishing vessel and those abducted to the North with our assistance to the North." He stated so because North Korea should first take tangible steps so that our government can have ground to persuade the people.

However, it was learned that the North Korean delegation persistently insisted to the last that our side first make a commitment to give aid to them.

The North Korean side, in the talks held on 30 September, also insisted on its position that if the ROK Government promises rice aid, the North could consider the repatriation of the Usong-ho.

Our side had never considered additional rice aid and it was impossible to accept the North Korean side's high-handedness that the South should promise aid, so our delegation decided to withdraw.

The government thought that the repatriation of the Usong-ho was not a difficult matter to be achieved, and, therefore, intended to obtain other concessions from the North in the third round of Beijing talks.

However, the North side came to Beijing with the Usong-ho issue as its only card, and apparently intended to use it with an emphasis that it is doing some special favor to us. Under such a gap in views between the two sides, the government seems to have taken a resolute stance that it will no longer be dragged around by North Korea and made a final decision not to continue the talks.

The government must have made the decision because it thought that if the talks broke down, it would be the North side that would be worried.

With the talks breaking down, the inter-Korean relations will suffer a setback and dialogue will be suspended in the short run, but after some time passes North Korea may well try to hold talks with our side to overcome economic difficulties.

However, our government will have to bear a degree of disadvantageous position, too, as a result of the failure in the talks.

For one thing, the ROK explained that its rice aid to the North was a "humanitarian measure," but this position has to suffer a certain setback because the international community witnessed that the ROK tried a give-and-take negotiation in the third round of talks.

Although the government has so far employed an appeasement offensive in its policy to the North, it demonstrated in the talks that it has returned to a definitely conservative and apathetic strategy toward the North. This stance toward the North is likely to affect

the atmosphere for inter-Korean economic cooperation for the time being.

The government considered sending a large-scale business delegation to the North to the explanation meeting for investment in the Najin-Sonbong area scheduled for this month, but it is now expected that it will decide not to approve the delegation's visit to the North.

North's 'True Intent' in Talks Analyzed

SK0210040595 Seoul TONG-A ILBO in Korean
1 Oct 95 p 2

[Report by correspondent Kim Chung-kun from Beijing]

[FBIS Translated Text] The third round of South-North talks has concluded in Beijing without results. This had already been anticipated because the talks were held under various adverse circumstances created by the incident of the forced hoisting of the North Korean flag on an ROK freighter, the detention of another ROK ship carrying rice to North Korea, and the abduction of Reverend An Sung-un to the North, as well as the aggravated domestic public opinion on North Korea.

Despite these unfavorable conditions, people expected that North Korea would change its attitude since it was in a position to ask for help from us to overcome serious food difficulties and the damages caused by the floods. However, the result of the talks was contrary to our expectations. The worst news is that it is worthless for us to hope for changes in North Korea's attitude. North Korea — which is accelerating opening and economic development, especially the development of the Najin-Sonbong free trade zone — must be keenly feeling the need for economic cooperation with the ROK.

In light of the fundamental and serious problems that North Korea is now suffering, not only ROK experts but also U.S., Chinese, and Japanese experts on Korean affairs view that now, when North Korea is requesting from the ROK and Western countries rice aid and relief assistance because of the flood damages, it is a good historic opportunity to induce North Korea's reform and opening, as well as a change of its system. This is because North Korea's food crisis is not a temporary phenomenon but a structural one that unavoidably repeats itself every year, and because it is inevitable for North Korea to depend upon the outside world to save its economy that faces general ruin.

Nevertheless, throughout the recent talks, North Korea has clearly expressed its desire to exclude the ROK from the list of countries it asks for help.

Regarding the issues of the repatriation of the Usong-ho crewmen, the suspension of denunciation of South

Korea, and the revelation of the truth of Rev. An's case, North Korea let out a lengthy pretext while mentioning the application of the positive law and saying they are political issues, and finally made, at best, a dubious promise to "make efforts to the utmost."

In particular, with regard to relief assistance for flood damage, our side proposed that the ROK would help North Korea if North Korea made it clear that the main body asking for help is the "North Korean authorities." However, Chon Kum-chol, chief delegate of the North Korean side, alleged that the North Korean delegation to the talks represents the North Korean authorities since the "Flood Damage Restoration Committee," which is composed of officials from various offices of the North Korean authorities, had verbally entrusted the delegation with the matter. However, it was impossible to confirm whether his allegation was true or not. In fact, it was merely nonsense because, during the third rounds of talks with South Korea, Chon had persistently refused to use his official titles of the Workers Party of North Korea and the Administration Council — such as vice chairman of the Committee for the Peaceful Reunification of the Fatherland and vice director of the Reunification Front Department — and invariably insisted on using his title as an adviser of the Committee for the Promotion of External Economic Cooperation, a civilian organization.

In light of all aspects, it is certain that North Korea intends to obtain the ROK's material assistance, such as rice aid and economic cooperation, to the utmost, but has no interest in authority-level dialogue or formal transactions with the ROK. It is also highly possible that North Korea has acceded to inter-Korean talks in a bid to remove obstacles to obtaining various kinds of assistance from Western countries and promoting economic cooperation projects with them, as well as to avoid the international denunciation of its hostility against the ROK.

It has been confirmed through meetings that North Korea's attitude and its true intent are far from the ROK's original expectations. Accordingly, it is necessary for the ROK to prepare long-term and comprehensive measures for North Korea and to cope with North Korea consistently and patiently based on the measures.

North's UN Envoy To Deliver Keynote Speech

SK0310011395 *Seoul THE KOREA HERALD*
in English 3 Oct 95 p 2

[Report by Korea Herald correspondent Kim Kyong-ho]

[FBIS Transcribed Text] New York — North Korea is not expected to send a top official from Pyongyang to give a keynote speech to the U.N. General Assembly

this year, Pak Su-kil, South Korea's ambassador to the United Nations, said Sunday.

Instead, North Korea's ambassador to the United Nations, Pak Kil- yon, is scheduled to deliver the speech, which is certain to focus on "human rights in the South," he said.

He did not elaborate on the source he got the information from.

Foreign Minister Kong No-myong, now on visit here to attend the General Assembly session, told reporters last week North Korea was likely to send Vice Foreign Minister Choe Su-hon to the United Nations this month for a keynote speech.

At that time, Kong said if North Korea's foreign minister, Kim Yong-nam, could not leave Pyongyang, it might be an indication of the formal power succession by Kim Chong-il on the occasion of the Oct. 10 founding anniversary of North Korea's Workers' Party.

North Korea is scheduled to give a keynote speech Oct. 11 during the general debate session of the General Assembly.

Officials at the South Korean mission to the United Nations said they wondered why Choe would not be able to come to the United Nations.

"It is hard to understand why Choe, who is certain to attend a meeting of the Nonaligned movement member states to be held in Colombia Oct. 14-20, should skip a visit to New York," said an official at the South Korean mission.

It will mark the first time North Korea has not sent an official from Pyongyang to give a speech to the General Assembly since it entered the United Nations in 1991 along with South Korea.

North Korean Foreign Minister Kim Yong-nam or his deputies have delivered the speech in past years.

Pak, South Korea's ambassador to the United Nations, said he expected North Korea's keynote speech would be packed with verbal attacks on human rights problems it claims South Korea has.

Such an attack is certain to come in response to Foreign Minister Kong's speech to the General Assembly last week. In his speech, he took issue with poor human rights conditions in the North for the first time at the main stage of the world body.

Diplomats from South and North Korea argued against each other at the hall of the General Assembly over human rights issues the same day Kong delivered the speech.

Officials at South Korea's U.N. mission said they expect another round of verbal war to flare up when North Korea's Pak tries to make an issue of South Korean human rights.

North Likely To Allege Human Rights Violations

SK0210094095 Seoul YONHAP in English
0815 GMT 2 Oct 95

[FBIS Transcribed Text] New York, Oct. 1 (YONHAP) — North Korea will likely raise the South Korean human rights issue when its mission chief to the United Nations Pak Kil-yon delivers a keynote speech at the UN General Assembly Oct. 11, South Korean Ambassador to the United Nations Pak Su-kil said Sunday.

Amb. Pak said he learned that North Korea's keynote speech was originally going to be delivered by Vice Foreign Minister Choe Su-hon, but he did not know the exact reason or background for Pyongyang's decision to have Pak Kil-yon give the address in lieu of Choe.

A diplomatic source here said North Korea is expected to make an issue of the National Security Law.

He said South Korea will exercise its right to rebut the North's assertions if it feels them to be false or misleading.

South and North Korea entered into a heated debate last Thursday when South Korean Foreign Minister Kong No-myong discussed the human rights situation in North Korea in his keynote speech to the UN General Assembly.

Official Says UN Rapporteur Possible

SK2909143995 Seoul YONHAP in English
0839 GMT 29 Sep 95

[FBIS Transcribed Text] Seoul, Sept. 29 (YONHAP) — South Korea may propose the establishment of a United Nations special rapporteur to address the long-time separated families issue between South and North Korea as a follow-up measure to Foreign Minister Kong No-myong's denouncement Thursday of North Korea's human rights record, a Foreign Ministry official said Friday.

"We have several options, including the UN special rapporteur, to push ahead with improvements in North Korea's human rights situation," said the official who, however, added that those options which the Foreign Ministry has in mind will have to be implemented in careful consideration of developments in inter-Korean relations.

Commenting on North Korea's rebuff of Kong's United Nations General Assembly address, the official said that the ministry fully expected the response from the North which he said usually makes denouncements against South Korea at virtually every opportunity.

The South Korean Government, however, decided to raise the issue because it felt a moral responsibility for North Koreans who are suffering from a widespread suppression of human rights, he explained.

"The fact that South Korea took issue with North Korea's human rights record also reflects great confidence on the part of South Korea which has done its utmost to improve its human rights situation, especially after the civilian government led by President Kim Yong-sam was launched in 1993," he opined.

Stressing that the human rights issue should be considered a universal value which transcends politics or ideology, the official added that the South Korean Government did not raise the separated families issue to provoke the North Korean Government, particularly since an inter-Korean dialogue is currently underway in Beijing.

The official insisted many countries felt that addressing the North Korean human rights situation was appropriate and came at an opportune time when human rights abuses are drawing widespread attention at a variety of international forums.

He did not agree with criticism that the raising of the North Korean human rights issue might adversely affect the ongoing inter-Korean dialogue, noting that related government agencies had fully considered the effect of the denouncement on the inter-Korean talks.

According to the official, the Foreign Ministry had prepared several copies of the address read by Kong at the United Nations General Assembly and the one which was actually read was the less provocative one.

"One thing is clear, South Korea launched its offensive against the deteriorating human rights record in North Korea," he said. "But, more importantly is that it did so in full consideration of the overall relations between South and North Korea."

Government Denies Report on UN Rapporteur

SK2909144095 Seoul YONHAP in English
1110 GMT 29 Sep 95

[FBIS Transcribed Text] Seoul, Sept. 29 (YONHAP) — The government on Friday denied as "totally unfounded" some local reports that South Korea mulls proposing the creation of a UN special rapporteur on the dispersed family issue.

"The reports are totally unfounded," a Foreign Ministry spokesman said. "The government has at no time studied the creation of such a rapporteur."

He said the government is reviewing a number of options in the question of how to handle North Korea's human rights issue.

"The government's position is that it would work out and implement a concrete plan in this regard depending on a progress in South-North relations, especially Pyongyang's attitude toward the issue of dispersed families and those South Koreans kidnapped to the north," the spokesman said.

North Said To Seek Aid in MiG-29 Production

SK0310051695 Seoul YONHAP in English
0430 GMT 3 Oct 95

[FBIS Transcribed Text] Seoul, Oct. 3 (YONHAP) — North Korea is seeking to resume assembly production of MiG-29 fighters with the technical assistance of the Russian Army, a senior military officer said Tuesday.

The communist country first assembled two sample MiG-29s in 1993 on the occasion of the 80th birthday of the late North Korean President Kim Il-song Apr. 14, but since then production has been suspended due to deteriorating relations between Pyongyang and Moscow, the officer explained.

Stating that North Korea has the facilities to assemble the fighter jets with the assistance of the former Soviet Union, the official noted that the North Korean-produced MiG-29s were considered almost equal in efficacy to the Russian-made fighters at that time.

To maintain its production capabilities that have been suspended for more than two years, North Korea requested Moscow provide it with technical assistance, he remarked, adding Russia is currently sending a defense industry team to North Korea to provide technical instruction.

Such moves by Moscow are considered a direct reflection of its foreign policy shift under which equi-distant diplomacy is being applied to both Koreas, observers opined.

New German Envoy Comments on Aid to North

SK3009034695 Seoul THE KOREA HERALD
in English 30 Sep 95 p 2

[FBIS Transcribed Text] South Korea's consistent aid to North Korea would be a key element in their reunification, new German Ambassador to Seoul Claus Völlers said yesterday.

Commenting on the recent controversy over rice aid to the North, he said that not one-shot but continuous aid will bear fruit.

Before West and East Germanies were united, he said, sustained and well-organized financial aid to the Communist East paved the way for German reunification.

Though they differed on how to help their brethren in the East, he said, few West Germans opposed the idea of providing aid to them.

West Germany has spent about \$580 billion in financial aid to East Germany since the 1990 German reunification, Völlers said to reporters.

Regarding North Korea's recent crisis over devastating floods, he said that not only the heavy rains but its inability to deal with them has led the Communist country to reach out for aid from abroad.

Referring to South Korean-German relations, he said he will give top priority to economic issues.

Germany hopes to remain a good partner to South Korea as it has been for the last 36 years, he said.

Vice Foreign Minister on Ties With ASEAN

SK3009071495 Seoul YONHAP in English
0623 GMT 30 Sep 95

[FBIS Transcribed Text] Seoul, Sept. 30 (YONHAP) — Vice Foreign Minister Yi Si-yong stressed Saturday that South Korea and the Association of Southeast Asian Nations (ASEAN) need to maintain close cooperation in security toward the year 2000 when they will become the main players of the dynamic economies in the Asia-Pacific region.

Speaking to a Southeast Asia forum held in Swiss Grand Hotel, northern Seoul, Yi said that South Korea has been enhancing its role in maintaining security in the northeast Asia and the ASEAN has also been increasing its security role in the southeast Asia, although there exist such superpowers as the United States, China and Japan.

He also stressed the importance of cooperation in the field of environment.

The forum was attended by ambassadors from the ASEAN member countries and about 50 scholars from South Korea and the ASEAN member countries.

Kim Yong-sam on Ending 'Old-Fashioned Politics'

SK3009120295 Seoul YONHAP in English
0958 GMT 30 Sep 95

[FBIS Transcribed Text] Pusan, Sept. 30 (YONHAP) — President Kim Yong-sam on Saturday called for the

clean up of "old-fashioned politics" which he claims is separating the people and wasting the nation's energy on regional rivalries.

"Political circles are dividing the people and wasting the nation's energy," Kim said, warning against some politicians which indulge in the regional hegemonism.

President Kim, who also heads the ruling Democratic Liberal Party (DLP), made the remarks in a speech at the reorganization ceremony of the DLP's Tongnae-A chapter in Pusan, where his protege Pak Kwan-yong was named chapter head.

Kim warned, "They (the politicians) are splitting the people apart at a time when countrymen should be uniting in efforts to achieve national unification and overcome the boundless international competition.

"We (DLP) underwent a bitter experience in the June local elections," Kim said. "We have been reprimanded by the people and we should be more thorough and humble in all respects."

Prosecution To Begin Probe of Kwangju Incident

SK0310015795 Seoul THE KOREA HERALD
in English 3 Oct 95 p 3

[FBIS Transcribed Text] The prosecution said yesterday it was starting probes into allegations that former President Chon Tu-hwan gave false testimony regarding the crackdown on the May 1980 Kwangju civil uprising.

Six others, including the then martial-law commander, Yi Hui-song and Chu Yong-pok, who was defense minister at the time, are involved in the case.

The prosecution's action came following nationwide protest over the weekend by students calling for punishment of those responsible for the killing of civilian protesters 15 years ago.

Political activists have accused Chon and a coterie of Army generals for the brutal crackdown by armed troops. Chon, who masterminded a military revolt late in 1979, became president months after the Kwangju uprising.

Perjury charges against the seven accused were filed in July by a group called the "Association of Lawyers for a Democratic Society."

The association said they lied during parliamentary hearings held in 1988 and 1989 to look into the armed crackdown.

It took the action following the prosecution's announcement of its decision not to prosecute Chon and more than 50 others who had been accused by political activists of playing key roles in the crackdown.

The prosecution, which had looked into the case for more than a year, said it had no authority to indict Chon and others.

Following the announcement, civic groups and oppositionists took a number of steps, including filing a petition at the Constitutional Court.

The prosecution's about-face changes its earlier position that the probe would only begin after the settlement of controversy surrounding the Constitutional Court's handling of the petition. The court's ruling is not expected before the end of this year.

Prosecution officials said they began comparing the records of the prosecution's previous investigation into the Kwangju incident and those of testimonies the seven people had made at the National Assembly.

They also said they were studying whether they could take legal action against the seven people even without complaints from the National Assembly.

Perjury at a parliamentary hearing carries the penalty of prison terms of one-to-10 years.

Opposition Alleges No Tae-u Received Kickbacks

SK0210121895 Seoul YONHAP in English
1052 GMT 2 Oct 95

[FBIS Transcribed Text] Seoul, Oct. 2 (YONHAP) — The opposition lawmaker claimed on Monday political funds totaling about 260 billion won were believed to have been raised through power plant projects during the period of President No Tae-u.

The assertion was made by Rep. Pak Kwang-tae of the National Congress for New Politics (NCNP) during a parliamentary inspection of the Korea Electric Power Corp. (KEPCO).

Pak said it was learned that biddings for almost all government contracts worth 3 billion won or higher were managed directly by a senior presidential secretary's office during the days of President No.

Asserting that project irregularities involving KEPCO were related to the raising of political funds by Chongwadae, Rep. Pak said the head of a major contractor told him contractors had to "donate" certain ratios of contract amounts to Chongwadae during No's period.

He said most of the political funds seemed to have been raised in rebates which ran about 10 percent when large projects were involved.

Pak said that for instance, obvious favors granted to contractors and suppliers in the form of the leaking of estimated project cost, negotiated contracts, etc. totaled

1,750 billion won during the days of KEPCO President An Pyong-hwa from January 1989 through March 1993.

Incumbent KEPCO President Yi Chong-hun denied the possibility of large political funds raised through KEPCO projects in the past.

"Contracts used to be awarded through competitive bidding and law enforcement authorities' investigations have already showed there were no wrongdoings except those committed by An Pyong-hwa," Yi said in a prepared answer.

Instructions Given on Foreigner-Related Crimes

SK0210031195 Seoul YONHAP in English
0107 GMT 2 Oct 95

[FBIS Transcribed Text] Seoul, Oct. 2 (YONHAP) — The Seoul District Public Prosecutor's Office on Monday instructed all police stations under its jurisdiction to turn over alien suspects involved in crimes after submitting their investigation reports to the prosecution in a bid to improve the way foreigner-related crimes are handled.

In view of the increasing number of crimes involving foreigners who cannot speak a common international language such as English or French, the prosecution will now examine the police's investigation report in all alien-related crimes first in order to determine whether it should employ translators for additional questioning, officials said.

The present practice of simultaneously taking over both alien suspects and the investigation records from police has caused some problems in prosecution's probes of foreigner-related crimes.

Criminal cases involving foreigners which the Seoul District Public Prosecutors Office handled in the first eight months of the year numbered 192, including 10 which involved foreigners who could not speak English, French or Japanese.

Daily Urges 'Self-Reliant National Defense'

SK0110112695 Seoul CHOSON ILBO in Korean
1 Oct 95 p 3

[Editorial: "North's 'Missile Game'"]

[FBIS Translated Text] The North's missiles are threatening us. According to what was revealed in the recent parliamentary investigation of state affairs, the North has forward deployed some 600 Scud missiles and Frog missiles capable of striking the entire South Korean area. Moreover, as international military experts admit, the North is not only developing the 1,000 km-range Nodong-1 and 1,500-2,000 km-range Nodong-2 but will

develop the 10,000 km-range Taepodong-2 missile by the year 2000.

We can evaluate the North's intent to develop missiles from several perspectives. Above all, the North intends to secure overwhelming superiority in offensive firepower as well as in troop strength, in preparation for a war against the South. Second, the North intends to sell some Middle Eastern countries high-performance, long-range missiles to earn foreign currency. Third, the North intends to use the 1,000-2,000 km-range missiles and 10,000 km-range missiles as a leverage for diplomatic strategy toward Japan and the United States respectively.

If the North's aim comes true, the military balance between the North and South will undoubtedly be broken. At the same time, the North will elevate its position as an arms exporter. Furthermore, the North will be in an advantageous position to obtain concessions in its negotiations with the United States and Japan on various issues, such as its improvement of relations with them. The North, having been very successful in its external relations due to its nuclear game, may secure considerable gains in its missile game as well.

Then how should we cope with the North's missile game? Under ROK-U.S. relations, we are restricted from developing missiles with a range of 180 km or longer. We depend on the U.S. Forces Korea [USFK], which have deployed Patriot missiles, for defense against the North's offensive missiles. As long as the U.S. defense commitment for the ROK's defense is firm, the North Korean provocation may be deterred.

However, because we do not have proper self-reliant national defense, our voice in the international arena will be feeble and we will suffer considerable damage in diplomacy and trade. The pressure we are subjected to in the provision of light-water reactors to the North, the security issue we are compelled to consider in trade negotiations, and the pressure on us in connection with sharing USFK costs — all these occur because we do not have a proper level of national defense capability.

No doubt, in the post-Cold War era countries ought to make efforts to reduce their arms. However, the North has been building up arms even more despite its economic difficulties, and the major powers in the surrounding region are not stopping their arms race. Under these circumstances, it will be unrealistic for us to continue in the present condition. We should renew our concept of defense capability and seek to secure a position to free ourselves from threats to our security and proudly pursue our national interests.

Air Force Seeking To Procure Advanced Fighters

*SK3009034095 Seoul THE KOREA HERALD
in English 30 Sep 95 p 1*

[FBIS Transcribed Text] The Air Force is seeking to procure F-15 or other advanced fighters in 15 years, in addition to F-16 combat aircraft being introduced, Air Force Chief of Staff Gen. Kim Hong-nae said yesterday.

To build a strong Air Force of the unified Korea, Kim said, the Air Force will "actively seek to introduce" F-15-class fighters or those more advanced than F-15s, which he called "F-X," by the year 2010.

Gen. Kim disclosed the plan while answering questions from lawmakers on the National Assembly Defense Committee during the panel's annual inspection of the Air Force. The interpellation was held at the Air Force Headquarters near Taejeon.

Procurement of such advanced combat aircraft would be needed, as North Korea is expected to introduce upgraded fighters in a few years and about 150 F-4 and F-5 fighters of South Korea are expected to retire early next century, Kim said. He said the "F-X Project" is also needed in consideration of the Air Force power of the surrounding nations which will be more strengthened in the early 21st century.

F-15E Strike Eagle, produced by McDonnell Douglas of the United States, is one of the most advanced and expensive fighters in the world and is the main fighter of the U.S. Air Force, which has already selected F-22 as its next-generation fighter.

Under the multibillion-dollar Korean Fighter Program (KFP), the Air Force is to obtain a total of 120 F-16 Fighting Falcons by 1999 on a gradual basis. The KFP F-16s are mainly intended to counter North Korea's MiG-29 fighters. The KFP has been called the next-generation fighter program for the Air Force, but Gen. Kim's testimony hinted at a more ambitious project regarding the next-generation fighters, Air Force sources said.

Gen. Kim also said that two more combat flying commands will be established for a more effective operational control of the air power.

He further said that the Air Force needs to increase its service members up to 133,000 from the current 55,000.

"The lack of aircraft-operating personnel is one of the most serious problems facing the Air Force," Kim said. To exercise maximum Air Force capabilities, the ratio of the Air Force personnel should be increased from the existing 8.4 percent to 15-20 percent of the total Armed Forces, he said.

Of the 655,000 South Korean troops, the Army has 540,000 (82.4 percent) and the Navy 60,000 (9.2 percent) including the Marine Corps.

The number of aircraft-operating personnel in the Air Force should also be increased from 69 to at least 85 per airplane, Kim said.

Gen. Kim said the Air Force has already established operation plans to attack North Korea's Scud missile sites and neutralize its hardened artillery sites.

He said South Korea and the United States are using three satellites to monitor North Korean military movement, especially hundreds of North Korean Scud missiles aimed at South Korean targets.

Military Morale, Readiness Problems Viewed

*95P30165A Seoul SISA JOURNAL in Korean
7 Sep 95*

[FBIS Editorial Report] ROK Military Facing Morale, Readiness Problems

Two prominent current affairs magazines, the liberal weekly Seoul SISA JOURNAL and the conservative monthly Seoul WOLGAN CHOSON, both in Korean, reported that morale in the ROK military has dropped "greatly," unit readiness is suffering as a result of this and other organizational difficulties in the military, and general dissatisfaction with military reform under the current administration permeates all ranks.

A survey carried out by a team of researchers headed by Yonsei University Professor Choe Pyong-kil and forwarded to Chongwadae (presidential offices) indicated that "morale in the military has fallen greatly," according to the 7 September SISA JOURNAL. Of 1,256 Army, 278 Navy, and 253 Air Force personnel interviewed, 50 percent felt that morale in the military "was generally low," 17.1 percent thought that it was "very low," and 22.2 percent said it was "just average." Dissatisfaction levels increase with rank: 40 percent of enlisted soldiers reportedly feel that morale is low, while 79 percent of field-grade officers responded the same way. SISA JOURNAL noted the jump in the number of respondents who see morale as low, from 18 percent in 1981 to 67 percent currently.

Several factors have contributed to low morale according to the report. These include low wages, a negative image of the military, a "deteriorated" military environment, and dissatisfaction with "organizational management." Only 12 percent of soldiers believe that they have the confidence of the public and over 60 percent feel that they are "ignored." This feeling of "estrangement" is "markedly evident" at the field-grade level, according

to the magazine. Only 9 percent, meanwhile, said that they were satisfied with benefits and welfare for soldiers.

Personnel-related issues remain a major issue affecting morale as well, with 21 percent of the respondents to the survey expressing satisfaction and 45 percent dissatisfaction with the promotion process. When asked to rank factors they believed "most influenced" promotions, 27 percent responded that source of commission was the greatest factor. Likewise, 51 percent pointed to "discord related to promotions and assignments based on source of commission" as the priority issue to be solved in order "to enhance cohesiveness in the military." In addition, 40 percent of respondents expressed dissatisfaction with their inclusion in decision-making, with only 16 percent being satisfied.

The report showed that levels of dissatisfaction in military morale are matched by dissatisfaction with President Kim Yong-sam's military reforms, according to the survey. "Although the great majority of soldiers applauded the removal of Hanahoe (an elite organization of Korean generals under past administrations), it is an excessive leap in logic to believe that this raised morale in the military," said one analyst quoted by SISA JOURNAL. Only 28.2 percent of all respondents believe that President Kim is doing a "very good" or "somewhat good job" in the area of military reform. While 59.2 percent of general-grade officers responded that President Kim is doing a good job in this area, only 24.1 percent of field-grade officers felt the same way. Dissatisfaction, according to the magazine, is attributed to specific displeasure with the government's policy toward the North (40 percent expressing discontent and only 17 percent approval) and other defense and security issues such as force improvement.

Readiness Problems

Personnel problems throughout the enlisted and personnel ranks are affecting ROK military readiness to a "shocking" degree, "comparable to the U.S. military following the Vietnam war," according to the July WOLGAN CHOSON. Responses to a "confidentially distributed" questionnaire developed by the Korea Institute for Defense Analysis indicated that levels of dissatisfaction in the ROK military are being compounded by organizational "distortions" within the three services that impact on unit readiness. According to the magazine, this was most widely felt in the ROK Navy, where the impact has been "fatal."

The survey revealed that leadership in the senior enlisted ranks suffers from mistrust by officers and a lack of "sympathy" from the lower enlisted ranks. Some 48.1 percent of officers distrust noncommissioned officers

(NCO's) while only 30 percent of the lower enlisted ranks responded that they had any "sympathy" or kind feelings toward their NCO leadership. Career NCO recruitment has dropped to the point that the lowest rank, staff sergeant, accounts for only 28.4 percent of the top four ranks, with the next higher rank, sergeant first class, totaling 41.4 percent, and master sergeant 21.8 percent.

The Navy, according to the magazine, is "suffering the most seriously" because of NCO shortages. The Navy has been appealing to the Ministry of National Defense (MND) and the Joint Chiefs of Staff (JCS) since 1994 because of a 700-plus shortage of NCO's and 800-plus shortage of officers. These shortages are projected to rise to 1,100 officers and 1,500 NCO's by 2000. Because of these shortages, the magazine reported, the Navy has had to place around 10 major combatant vessels on "administrative hold" status instead of sending them to sea. This includes a high-speed missile ship, which has been in storage "for over a year." Also, although the Navy has taken delivery of five submarines, a shortage of personnel continues to prevent a unit housing the submarines from being activated. This is also the case with the eight P-3C early warning aircraft that the Navy will have received by the end of 1995.

The only solution to this problem, the magazine suggested, would be to reduce the number of personnel in the Army and reallocate those positions to the Navy. This is unlikely to happen without presidential intervention, the magazine opined, because of the "sharply conflicting interests of each of the services." Several surveys and reports have already been conducted and drafted by both the Ministry of National Defense and the Joint Chiefs of Staff, but no "definitive solution" has been issued as yet.

Obstacles to Training

A growing number of civil petitions calling for the closing of military restricted areas and relocation of training areas are also impacting field commanders' ability to train their units, WOLGAN CHOSON reported. Residents adjacent to military training areas are increasingly calling for their relocation, calling them "dangerous" and "noisy." Mechanized units located in and around Seoul encounter villagers "lying in the streets" to block convoys on their way to training areas, and complaining of dust and "excessive noise." In addition, the Navy is finding civilian fishing vessels less willing to comply with directives designed to keep them from wandering north of the military demarcation line.

In spite of the time commanders devote to responding to such complaints, an MND inspection team found

that local commanders' efforts to "accommodate" civil petitions were "insufficient," according to WOLGAN CHOSON. This has lead to further command pressure to respond to such complaints. The MND's findings "are destroying the morale of officers, including field commanders," one general noted, adding that "Even when we want to train, it is difficult, being restrained by civil petitions and accompanying press coverage."

Efforts To Improve Morale, Readiness Under Way

Efforts are under way to remedy some of the problems described above, WOLGAN CHOSON stated, "but the question is whether the countermeasures devised are actually put into practice." Work to enhance the status

of career NCO's "to levels commensurate with officers" are included in a series of measures devised by the MND's Military Reform Commission. The ROK Army is also pursuing "epochal reform" in the education and training field to improve combat readiness. However, the magazine reported, some are pointing out that "it will be difficult for such reform to succeed if conditions, including morale and welfare, needed to carry out reforms are not first created." The magazine added that the public should realize that "although it only takes an instant to demolish a military, it takes an enormous amount of time and effort to reestablish a demolished military."

Brunei, Malaysia & Singapore

Malaysia

New Navy Commander To Assume Duties 13 Oct

BK0310101695 Kuala Lumpur NEW STRAITS TIMES in English 29 Sep 95 p 10

[Unattributed report]

[FBIS Transcribed Text] Kuala Lumpur, Thurs. [28 September] — Royal Malaysian Navy deputy chief Laksamana Muda [Rear Admiral] Datuk Ahmad Ramli Mohamed Nor will assume the post of the navy chief following the retirement of Laksamana Madya [Vice Admiral] Tan Sri Shariff Ishak next month.

Although two other senior naval officers were considered, it is learnt that Ahmad Ramli was given the nod based on his experiences in the navy.

The two were Armed Forces Headquarters chief of staff Laksamana Madya Datuk Harun Mohamed Salleh and Vietnamese Illegal Immigrants task force director Laksamana Muda Datuk Yaacob Daud.

Sources said today Ahmad Ramli's name was submitted to the Armed Forces Council recently before it was forwarded to the King, in his capacity as the Supreme Commander of the Armed Forces, for his consent.

The sources said Ahmad Ramli would officially assume the post on October 13 in a handing-over ceremony to be held at the Defence Ministry.

Shariff, who replaced Laksamana Madya Tan Sri Abdul Wahab Nawi as the navy chief in 1990, would retire on October 13 after 34 years of service.

Ahmad Ramli became the deputy navy chief three months ago after holding the post of Operations (FOC) [expansion unknown] Commander for 15 months.

Ahmad Ramli, born in Ayer Tawar, Perak, in 1944, joined the navy in 1964 and graduated from the Britannia Royal College in Dartmouth in 1965.

He had served as commander on board six ships and had held the same number of appointments as staff officer.

He was also the director of the National Maritime Enforcement and Coordination Centre (MECC) in 1987 and was deputy chief of navy in 1991 before assuming the post of FOC Commander.

Ahmad Ramli holds a Master's in Public Administration from Harvard University.

Youth Leader Confirms Mahathir Control of Party

BK0310083195 Kuala Lumpur THE STAR in English 3 Oct 95

[Report by Paul Gabriel and Shamsul Akmar]

[FBIS Transcribed Text] KUALA LUMPUR — Umno [United Malays National Organization] Youth has rejected talk that Prime Minister Datuk Sri Dr Mahathir Mohamed is losing his grip on Umno, saying that he is in full control.

The movement's chief, Datuk Nazri Tan Sri Aziz, said certain quarters were exploiting the happenings in the Merbok and Langkawi divisions in Kedah and "taking advantage of what Dr Mahathir has said."

"Whatever the Prime Minister said, they interpret it their own way.

"Even if he had said something else, they would still twist it," he said.

Nazri was commenting on foreign reports that Dr Mahathir was losing his grip on Umno following setbacks involving his allies in his Kedah home state.

Party treasurer Tun Daim Zainuddin resigned as Merbok division head after his opponents refused to make way, while supreme council member Datuk Sri Sanusi Junid was defeated as Langkawi division chief.

Dr Mahathir had earlier urged Daim's opponent not to contest the Merbok division post. He also expressed regret that Sanusi had lost in Langkawi although he had expressed the view that Sanusi should be retained.

Nazri said Umno Youth respected the result of the Langkawi division election.

"In Merbok, the challenger wrote to Dr Mahathir with conditions for his withdrawal. This is unacceptable. In Langkawi, there was an open contest and the delegates chose Datuk Abu Bakar Taib," Nazri said.

He said Umno Youth fully backed party deputy president Datuk Sri Anwar Ibrahim's statement that he would not challenge Dr Mahathir for the party presidency in next year's party polls.

Meanwhile, Umno supreme council member Datuk Ibrahim Ali urged Dr Mahathir to reiterate his wishes if he wanted party members to heed them.

He said the Prime Minister's wishes that he wanted Tun Daim Zainuddin and Datuk Sri Sanusi Junid to remain as Umno division heads for Merbok and Langkawi respectively did not reach the grassroots.

"Dr Mahathir should have repeated his stand on his choice of leadership for the two divisions," he said.

"What he did was to express his views in Kuala Lumpur through the mass media and some grassroot members in the two divisions may have missed the message."

Cambodia

Government Asks People Not To Join Mass Action

*BK0110095095 Phnom Penh National Radio of Cambodia Network in Cambodian
0500 GMT 1 Oct 95*

[Communique of the Office of the Royal Government of Cambodia's Spokesman issued in Phnom Penh on 1 October — read by announcer]

[FBIS Translated Text] The Office of the Spokesman of the Royal Government of Cambodia [RGC] would like to inform the public that on 30 September 1995 between 1750 and 1830 two bomb explosions took place; one was inside the compound of Samdech Son Sann's house and wounded a number of persons.

The RGC would like to inform compatriots that the party of Samdech Son Sann recently requested that no Royal Government security forces be present at the party's office. Based on this request the RGC did not send forces to ensure the security and safety of Samdech Son Sann's house, because if the Royal Government had sent these forces it would seem the Royal Government was attempting to put pressure on Samdech Son Sann's congress move. Furthermore, immediately after the incidents took place the RGC dispatched intervention troops there. However, Samdech Son Sann's party rejected this good intention by refusing the intervention forces access to the scene.

Firmly adhering to the national reconciliation spirit, the RGC would like to remind compatriots that the recent message of Prince Krompreah Norodom Ranariddh, first prime minister and Samdech Hun Sen, second prime minister of the RGC, clearly stressed that prior to the convening of Samdech Son Sann's congress, the party's internal conflict should be resolved first so that can be an agreement before moving toward holding another congress at an appropriate time. This decision did not mean that the RGC suppresses the right and freedom to hold meeting of political parties.

However, since the use of the party's name is still being disputed, it is the Royal Government's view that in the spirit of national unity, Samdech Son Sann ought to first hold talks with the Buddhist Liberal Democratic Party.

For this reason, the RGC would like to once again appeal to all compatriots not to participate in any public gathering, meeting, congress, or parade that has not obtained permission beforehand from the RGC. This is in the sole interest of ensuring public order, safety,

and security for the people. This shows the correct thinking of the RGC to thwart all anarchic activities and to consolidate internal security. This stems from the fact that some persons might use the occasion to create disorder in order to put the blame on the RGC.

At the same time, the RGC firmly denounces the above act of violence and has ordered relevant authorities to immediately conduct investigation to find the criminals.

Phnom Penh, 1 October 1995.

Information Minister Interviewed on Elections

*BK0210121895 Phnom Penh REAKSMEI
KAMPUCHEA in Cambodian 1 Oct 95 pp 1, 12*

[Interview with Information Minister Ieng Muli by correspondent Vichhai; place and date not given]

[FBIS Translated Text] [Vichhai] There will be elections in 1998. What preparations have been made? Apart from the political parties that have no seats in the Assembly, will the Royal Government allow parties to be organized as they were before the 1993 elections?

[Ieng] Concerning the elections, as stated by government leaders — particularly the prince krompreah first prime minister and the samdech second prime minister — the Royal Government is not afraid of organizing the upcoming 1998 elections.

This statement is in response to some who believe that Cambodia is moving backward as a democracy. As long as the political leaders in Cambodia still recognize and agree to the elections in 1998, you should not think that Cambodia is going backward. Rather, this means that Cambodia is moving forward. As far as the Royal Government is concerned, it is confident that the elections will take place and it will assume responsibility for this.

If the people are not happy with the Royal Government's work, we will find out in 1998. If the people love and support the Royal Government, however, this means that what the Royal Government has done is correct. The Royal Government is moving toward genuine democracy. This is also a step toward the elections in 1998. The Interior Ministry is now drafting an election law. There will be elections for commune heads and precinct chiefs in 1996-97. These are all signs that democracy in Cambodia is moving forward and not backward as claimed.

On the question regarding political parties that have no seats in the Assembly and are not part of the Royal Government, let me say this: The Royal Government has never issued any law banning political parties that do not have seats in the Assembly or in the Royal Government

from carrying out activities. This means those parties that legally took part in the 1993 elections still have the right to carry out political activities. It has been observed that in the wake of the 1993 elections these political parties seemed to grow tired — physically, politically, and financially. They have been quiet. Legally, though, there is nothing to stop them from carrying out political activities.

[Vichhai] If a brand new politician wants to set up a new political party, one that did not exist before the 1993 elections, must this party or this politician seek permission from the Royal Government?

[Ieng] On this issue, we must consider whether the law is still in effect. During the transitional period we had to use the old law, which included laws from the time of UNTAC [UN Transitional Authority in Cambodia] and also laws from other sources. I dare not draw any conclusions on this issue, but if there is not a new law then the old law can still be applied. In my view, people should wait until there is a new law. As a member of the Royal Government, I want a new law to ensure that the administration of new political parties is clearer than it is now. Legally, there is nothing to stop a new party from being set up with the permission of the relevant authorities.

[Vichhai] Will official institutions — particularly the police, Army, and military police — really be neutral? Will they be allowed to vote in the elections?

[Ieng] The armed forces and government officials are units of the nation and state; they are not under the influence of political parties. Therefore, they should be neutral. Furthermore, national information networks, such as radio and television, should not be used to serve any political parties; these networks should serve the people by remaining neutral. This is a very important feature of the election law that should be clearly stated. In the statutes on government officials, it is clearly stated that officials should remain neutral when dealing with political parties. Officials are not banned from joining parties, however, because they are also citizens. The only thing that is prohibited is that these people cannot use their position or rank in the armed forces to serve party. If you are an ordinary citizen you can join any party.

When the election law comes out we will know what policemen, soldiers, and officials must do if they want to run in the elections. The law will surely stipulate that to run they must resign their positions in the police, Army, or government and become ordinary citizens. This is aimed at preventing these people from using their positions to serve political parties. This is what is done in many countries.

[Vichhai] Will the budget for the elections be included in the government's plan?

[Ieng] I cannot answer this question yet. In major countries, each party has its own budget. In France, for example, each party spends its own money during the presidential election. If a party wins more than 5 percent, however, the state helps with its expenses. If the party wins less than 5 percent of the vote, it loses money. Therefore, the party that wins is capable of campaigning in future elections. This all depends on the country's election law.

In some countries, some parties have a lot of money while others have less. Thus, it has been decided that each party should not exceed a ceiling in electoral campaign expenses; 80 million francs in France, for example. As for our country, I still do not know what the election law will be.

[Vichhai] Will the Royal Government ask the United Nations to oversee the coming elections in 1998?

[Ieng] Our country is sovereign and independent; there is no need for the United Nations to do this again. This is my private opinion; we do not yet know what the Royal Government's stance will be. In some countries international observers or people's representatives who are election experts are invited to come and help. This is a possibility. Representatives from the United States, Australia, Japan, and so on could be invited to be observers to see whether the elections are proper.

The most important thing for us to do, however, is enact an election law and a law concerning political parties. The election law will address procedures for running in the elections, the size of constituencies, the registration of political parties, and how candidates can join political parties...

[Vichhai] Can you and His Excellency Samdech Son Sann end the conflict in the party [in the Buddhist Liberal Democratic Party — BLDP] and reunite to prepare for the coming election campaign?

[Ieng] The party already declared its stance at its congress on 9 July 1995; this stance is a bit clearer than before. The party congress decided that it will no longer keep one leg in the Royal Government and the other in the opposition camp; both legs will be in the Royal Government.

Son Sann also wants to hold a congress soon. This congress is illegal. The samdech co-prime ministers do not agree with the holding of this congress because there are only eight supporters in the Son Sann camp and also because this is an internal party affair. The party

has already held its congress; there is no need to hold another.

If Son Sann returns to the party, we will adopt a different stance in preparing for the 1998 elections. For now, though, the party has only one stance — to be with the Royal Government. I have proposed to the prince krompreah that in the 1998 elections the BLDP will support the continuation of a coalition government. In my view, our country needs political stability for at least another 10 years, as stated by the co-prime ministers. This is the duty of the three political parties, who must work together to enable us to build the nation and provide security, peace, and safety to Cambodian citizens. The national reconciliation policy of the three major parties responds to our people's aspirations.

[Vichhai] Will the BLDP and the Liberal Democratic Party (of Sak Sutsakhan) join hands to prepare for the 1998 elections?

[Ieng] There is no plan to join hands, but we acknowledge that the two parties were born from the same source; that is, the resistance movement called the Khmer People's National Liberation Front. The difference is that one party is military and the other is political. In terms of sentiments, the two parties are closer to each other than to other parties. We cannot draw any conclusions yet, but this is a possibility.

Alliances for Upcoming Elections Analyzed

BK0310091995 Phnom Penh REAKSMEI
KAMPUCHEA in Cambodian 2-3 Oct 95 p 2

[From the "Political Opinion" column by Khieu Navi: "Brushing Away Doubts Over the Future of an Alliance"]

[FBIS Translated Text] The FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] Party, a winner in the May 1993 elections, is making tactical and strategic readjustments in the wake of minor rumbles over the last few months that led to the expulsion of Sam Rangsi from the Royal Government, the party, and the National Assembly and the transfer of another high-ranking official from the Interior Ministry back to the party.

Prince Kromkhun Norodom Sirivut, secretary general of FUNCINPEC, is advising his party to focus on preparations for the 1998 elections. He said: There is only one way to do it, that is, the convening of a party congress to hear the views of the members.

After the elections FUNCINPEC has seemed to be losing its grass-root popularity, and this might have stemmed directly from the wrangling between Sam Rangsi and the FUNCINPEC Party itself.

Prince Krompreah Norodom Ranariddh, chairman of FUNCINPEC, is now working to consolidate his party, and a new development of much interest is his call for an alliance of the ruling parties. His appeal has received strong support from Samdech Hun Sen, vice chairman of the Cambodian People's Party [CPP], and Ieng Muli, chairman of the Buddhist Liberal Democratic Party [BLDP]. However, some complications are seen in the differences of opinion between Ranariddh and Sirivut and, more serious still, in the upcoming announcement next November of a new political party under Sam Rangsi, who has anticipated that a few FUNCINPEC members will be unhappy enough with Prince Ranariddh to defect to his party.

One issue that has split them far apart concerns the Khmer Rouge. Prince Norodom Ranariddh recently said: The Khmer Rouge no longer pose a major problem, for they have become outlaws. This means that there is no possibility whatsoever for the Khmer Rouge leaders to join the government or for any further talks to be held with the Khmer Rouge. By contrast, Prince Kromkhun Norodom Sirivut has said: Seeking peace with the Khmer Rouge is necessary. Peace discussions would at least win us time for economic development and help reduce poverty. However, both princes would welcome the Khmer Rouge if they agreed to lay down their arms and join the 1998 elections.

One thing of interest is that while Prince Krompreah was rejecting the Khmer Rouge issue and Prince Kromkhun seemed to disagree with him, FUNCINPEC was seen stepping up its diplomatic activities with Vietnam, which is the Khmer Rouge's bitterest enemy. Prince Kromkhun appeared to be playing a leading role in this maneuver when he had to work along side his Vietnamese counterpart in his capacity as the chairman of the Cambodian Institute for Cooperation and Peace. In June 1995 after visiting Cambodia Hong Ha, member of the Secretariat of the Communist Party of Vietnam [CPV] Central Committee, wrote a letter of thanks to Prince Kromkhun Norodom Sirivut, declaring: "This visit, which marks the official establishment of the relationship between our two parties, will contribute to the enhancement of mutual understanding between the CPV and FUNCINPEC."

Some investors noted that: FUNCINPEC's action has had two objectives — first, to facilitate peaceful settlement with Vietnam concerning the presence of illegal Vietnamese immigrants in Cambodia and bilateral border problems; and second, to win Vietnam's support for FUNCINPEC's bid to strengthen its position in its relations with the CPP. However, there is a different view: The FUNCINPEC Party has been showing that it is enemy of no one, of neither the Khmer Rouge nor

Vietnam; and maybe this is the tactic that will be mostly employed during the electoral campaign of 1998.

Furthermore, both the CPP and FUNCINPEC are probing the outcome of the elections of commune headmen, which were first scheduled to be held in early 1996 and later on postponed until 1997. The outcome of this will help predictions concerning the prospects of each of the two parties in the coming 1998 general elections. FUNCINPEC is now seeing its grass-root popularity slip. A foreign observer asserted that the CPP now appears less apprehensive of FUNCINPEC. After two years of interaction, they have discovered each other's strengths and weaknesses...and in fact the CPP seems to be winning the upper hand.

Nevertheless, the most important rival of the future may turn out to be quite a different party or the political alliance to be created by Sam Rangsi. This is because new signs have appeared indicating that Son Soubert will set up a party or will instead band up with Sam Rangsi if the dispute inside the BLDP continues to be insolvable. And there are also other signs indicating that some intellectual ex-Khmer Rouge, or the Khmer Rouge group itself, might join the bandwagon; but they are waiting for the Cambodian parliament to decide whether the elections will be held under the proportional system or the single-ballot system.

For this reason the current ruling parties are envisaging the formation of a political alliance of their own. An observer noted that it would be preferable to create this alliance before the commune headmen elections, for this would make it possible to rally supporters before they break away to join any other political alliances. Moreover, the general elections will take place barely one year after the commune headmen elections.

But first of all, how can the CPP, FUNCINPEC, and BLDP refashion their strategy now that, except for the CPP, the two other parties are being plagued with internal problems? The difference of opinion on a common issue — in this case the Khmer Rouge — should be settled once and for all within the FUNCINPEC Party and as far as the quarrel between two factions within the BLDP is concerned, a solution should also be found as soon as possible. Otherwise, all these problems will undermine that political alliance, should the leaders of the three parties succeed in conjuring it up. Moreover, these problems will certainly have a very unhealthy effect on the commune headmen elections in 1997 and the general elections in 1998.

Under the current circumstances, a political alliance of the ruling parties is most desirable because it can guarantee political stability for the whole Cambodian community. However, if squabbles within some of the

parties remain unsolved when 1998 comes, even with greater political stability, such a political alliance will be of no use, especially to the CPP, which stands to lose the most.

Palace Official Comments on Sihanouk Health

BK0210064595 *Phnom Penh REAKSMEI*
KAMPUCHEA in Cambodian 1 Oct 95 pp 1, 11

[Report by Thmar Da]

[FBIS Translated Excerpt] According to a palace office official in Phnom Penh, the success of the operation on the left eye of Cambodian King Norodom Sihanouk on 21 September has encouraged Chinese doctors in Beijing to conduct an operation on the king's right eye. This second operation will be performed soon.

[Passage omitted citing Information Ministry Spokesman Sieng Lapresse and First Prime Minister Norodom Ranariddh on the operation on the left eye].

The king is expected to return before 30 October to celebrate his birthday, when he is fully 73 years old and going to be 74. This celebration will be three-day long, from October 30-1 November, and will be held at the royal palace in Phnom Penh.

According to the palace official, the king will be present not only at his birthday celebration but also at this year's water festival, 6-7-8 November, and the 42d anniversary of the 9 November (1953-1995) independence day.

Rebel Radio Criticizes 'Erroneous' U.S. Policy

BK0110104095 (*Clandestine*) *Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian* 2330 GMT 30 Sep 95

[Unattributed commentary: "The Clinton Administration is Duping the American People Over the True Situation in Cambodia and Will Certainly Be Opposed, Condemned, and Exposed"]

[FBIS Translated Text] The Clinton administration is implementing a policy to dupe the American people about the true situation in Cambodia in an attempt to conceal its criminal policy in Cambodia.

A concrete example is the recent statement by Winston Lord, assistance secretary of state, to the U.S. Congress to cover up the true situation in Cambodia so that he can carry on the criminal strategy of fueling communist Vietnam's war to kill the Cambodian nation, people, and race. Here are the questions that need to be asked: What is the criminal U.S. policy in Cambodia? What is the true situation in Cambodia at present?

On the U.S. criminal policy in Cambodia, the United States was strategically wrong in Cambodia because it collaborated with communist Vietnam to commit aggression against Cambodia to destroy the Paris agreement and to fuel communist Vietnam's war in an attempt to smash Democratic Kampuchea, the nationalist force and the flesh and blood of the Cambodian nation and people.

This is why the United States continues to maintain the forces of communist Vietnam, the communist Vietnam administration, and the communist Vietnam's puppet regime with Hun Sen as leader in order to continue fueling the war to kill the Cambodian nation and people. This is why the United States and its clique have collaborated with communist Vietnam and UNTAC [UN Transitional Authority in Cambodia] to organize sloppy elections in May 1993 and establish the traitorous two-headed government and use it as a tool in Cambodia. The current situation in Cambodia is the result of this confused strategy.

1. Our Cambodian nation and people are heroic and have great pride in their civilization, which is over two thousand years old. They are proud of their longstanding tradition to struggle to defend and safeguard their independence, territorial integrity, and race.

This is why our nation and people have united and waged a struggle, for 17 years now, to save the nation and safeguard our race against the communist Vietnam's war. This is the first truth in Cambodia. Communist Vietnam, the alliance, and the entire world clearly realize this.

2. Because the U.S. strategy in Cambodia to brown-nose communist Vietnam is an erroneous one, the forces of the United States and allies in Cambodia have all vanished, politically and organizationally. FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] and the Buddhist Liberal Democratic Party have been completely smashed by communist Vietnam and Hun Sen, communist Vietnam's puppet. In Cambodia the United States is an empty shell; it has no force of its own. This is the second truth.

3. The two-headed regime is 100 percent that of communist Vietnam. It is very fascist and very corrupt. It has allowed over 4 million ethnic Vietnamese to flow in and annex Cambodia, to exterminate the Cambodian race, and to allow communist Vietnam to continue annexing tens of thousands of square kilometers of territory in eastern Cambodia. This is a great crime against the Cambodian nation, people, and race.

This great crime is 1,000 and a million times greater than the Nazis during the Second World War. The United States has been a full participant in this crime. The U.S. efforts to shout about democracy and disparate human rights in Cambodia of the two-headed government are aimed at covering up this third truth.

4. Since 1991, the United States and the alliance have given thousands of millions of dollars to the traitorous regime to continue fueling the war. Six million Cambodians are starving; entire villages are dying. This is unprecedented in Cambodia's history.

Our nation and people oppose such aid that kills Cambodia. This is the fourth truth.

5. The United States, the alliance, communist Vietnam, and the world have realized that the war in Cambodia cannot go on because the traitorous two-headed government has seriously been defeated in every field — political, military, social, economic, financial, and so on. They are now making preparations for the deceitful election in 1998. This will do nothing to this position of defeat.

Why is the two-headed government defeated? It is defeated because it is very traitorous, very fascist, and very corrupt. It is defeated because the entire Cambodian nation and people categorically reject and oppose them and wage a struggle to absolutely save the nation and safeguard the race. This is the fifth truth in Cambodia.

The above situation clearly shows that our nation and people are struggling in order to achieve genuine peace and national reconciliation in Cambodia. Our nation and people do not wish to be the enemy of any country. Our nation and people would therefore like to present and inform the Congress and the American people about the above situation. The U.S. Congress and the American people have the duty to contribute to defending peace and security in the region and in the world and to oppose the erroneous strategy of the U.S. Administration in Cambodia, which endangers the Cambodian race and also affects the U.S. interest in Southeast Asia.

Khmer Rouge Condemns U.S. Military Exercise

BK0210051595 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 1 Oct 95

["Communique" issued by the spokesman of the Provisional Government of National Union and National Salvation on 1 October; place not given — read by announcer]

[FBIS Translated Text] I. On 28 September 1995, a U.S. military adviser representing the Clinton administration

in Phnom Penh arrogantly declared that the United States would send troops to conduct a series of military exercises with the two-headed government in Cambodia.

This so-called military exercise is just a pretext to dupe the national and international public. As a matter of fact, this is direct military intervention by U.S. troops to fuel the aggressor communist Vietnamese war to kill Cambodian nation and people, to exterminate Cambodian race, and destroy peace and stability in Southeast Asia.

II. Why has the Clinton administration decided to openly get involved by sending troops to join with communist Vietnam and the two-headed government in waging the aggressive war to kill the Cambodian nation and people?

It is sending troops to conduct this direct aggression because the stillborn two-heads have requested it.

The two-heads have suffered stinking defeats and are collapsing in all fields and sectors, politically, economically, financially, internally, psychologically, and militarily. So, the United States is coming to intervene to soothe and enable the two-heads to get a few more breaths.

Militarily, the two-heads have suffered successive defeats everywhere. They have a shortage of fighting troops, with the remaining ones being second-rate, worn-out soldiers who are desperately short of food, ammunition, and medicine. They have also been deserting the battlefield by the dozens.

As for Cambodians who are very angry with the two-heads, they have jointly struggled even more vigorously in line with the guerrilla and people's war by planting punji stakes and digging punji pits everywhere and cutting stretches of the enemy's strategic transportation lines everywhere, thus blocking them for several months now.

III. Even by sending troops to take part in the aggression, the United States will not be able to rescue the two-heads. The United States will become even more deeply mired, as in the 1970 U.S. war of aggression that ended with its greatest shame.

Before, communist Vietnam sent hundreds of thousands of troops with huge amounts of aid — billions of dollars each year — given by former Soviet Union and the Warsaw Pact. However, it still suffered shameful defeats. When UNTAC [UN Transitional Authority in Cambodia] came, it also suffered defeats. In the past over two years, despite their all-out efforts, communist Vietnam, the alliance, and the two-heads still suffer defeats.

The aggressor forces can never conquer the forces of the Cambodian nation and people who have struggled arduously to reconcile the nation, achieve peace, end the war, and save and forever preserve the Cambodian nation and race. This resolute will to fight is an invincible force.

Moreover, the two-heads are collapsing, and so, nothing can save them. The United States itself is also suffering seriously from all sorts of setbacks and crises in the world.

IV. The Cambodian nation and people have never committed aggression against any country. We have never had such an experience. As in the past, now and in the future, the Provisional Government of National Union and National Salvation [PGNUNS] will, in line with the fervent desire of the entire Cambodian nation and people, always adhere to the stand of peace and national reconciliation and strive to end the war by peaceful means, and by meetings and talks between Cambodians. War cannot be resolved by war. War must be resolved by peaceful means, by meetings and talks.

However, if the Clinton administration obstinately pursues the same old road by continuing to fuel the war and coming here to directly kindle the aggressor communist Vietnamese war, it must be held fully responsible as the aggressor — before the Cambodian people, Americans, and world — for all the bad consequences arising from its criminal and barbarous acts of aggression.

Again, the entire Cambodian nation and people and the world will very clearly see who really wants peace, national reconciliation, and an end to the war; and who wants war and has destroyed peace and national reconciliation and carried on the communist Vietnamese war to exterminate the Cambodian race.

Those who really want peace, national reconciliation, and the end to war are the entire Cambodian nation and people and the PGNUNS. They are supported by the majority of peace- and justice-loving people in this region and elsewhere across the world. Those who keep destroying peace and national reconciliation and fueling the aggressor communist Vietnamese war to exterminate the Cambodian race are the communist Vietnamese, the alliance with the United States as its ringleader, and the two-heads — their lackeys. They have been opposed, fought against, rejected, condemned, and indicted by the entire Cambodian nation and people and the whole world as the arch war criminals of mankind.

[Dated] 1 October 1995

[Signed] The PGNUNS spokesman

Khmer Rouge Decries 'Nation-Selling' Deals

BK0310105595 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 2 Oct 95

["News conference by Mak Ben, minister in charge of rural areas, agriculture, and water conservancy and representative of the Provisional Government of National Union and National Salvation, on 2 October"; place not given — recorded]

[FBIS Translated Text] [Mak Ben] I would like to inform the beloved compatriots about the meeting held by the cabinet of the Provisional Government of National Union and National Salvation [PGNUNS] on Monday, 2 October, as follows:

On 2 October, the cabinet attentively examined the issue of the two-heads — out-and-out lackeys of communist Vietnam — selling out millions of hectares of land, cities, seas, islands, and forests to dishonest foreign companies for them to destroy Cambodia's sovereignty and skin and bleed white our Cambodian nation and people.

The cabinet has seen very clearly that from 1978 to date, communist Vietnam has grabbed large blocks of our territory in the eastern part of Cambodia and sent over 4 million Vietnamese nationals to nibble our land, farms, rivers, ponds, and streams in the interior of Cambodia. Moreover, since the stillbirth of the two-headed regime in the middle of 1993, the communist Vietnamese ordered the two-heads, their out-and-out lackeys, to sign contracts to sell out millions of hectares of land, cities, seas, islands, coasts, and forests to dishonest foreign companies for them to do away with Cambodia's sovereignty and territorial integrity and kill the peasants, who form 85 percent of the entire population. This is to disrupt our national unity and kill our entire Cambodian nation, people, and race.

The documents distributed inside and outside the country clearly show how the two-heads have put the country on sale by signing major contracts that affect the survival of the nation and people. These are:

I. The contract to sell out Kompong Som, sea areas, and islands.

The two-heads signed a 90-year contract that sells out the whole city of Kompong Som and all the sea areas and islands opposite Kompong Som, such as Kaoh Pos, to dishonest foreign companies for them to build a casino, brothels, and gambling dens.

II. The contract to sell out tens of thousands of hectares of public and private land in Phnom Penh to dishonest business companies. This includes a 400-hectare plot of

land to foreign companies for them to build night clubs and gambling dens. The companies can own the land for 70 years.

III. In 1991, the two-heads signed 11 big contracts selling out over two million hectares of land and forests to foreign companies. These include a contract selling out 800,000 hectares of forests east of the Mekong River in Kratie and Mondolkiri Provinces to villainous foreign companies for them to fell all the big and small trees and control the Cambodian land for 70 years.

IV. At the beginning of 1995, the two-heads signed contracts to sell out over 1 million hectares of land on the western part of the Mekong River covering Kompong Cham, Kompong Thom, and Preah Vihear Provinces to foreign companies for them to fell trees and control our land for 70 years.

V. Also in 1995, the two-heads signed contracts to sell out 400,000 hectares of land and forests west of Route 4 in the southern part of Kompong Speu Province to villainous foreign companies for them to fell trees and control our land for 70 years.

VI. Aside from the big contracts signed by Hun Sen and the two-heads, there are countless contracts signed by military and police chiefs and the municipal and provincial governors to sell out land around Phnom Penh, along Route 4, and along the coasts from Kep, Kampot, and Kompong Som to Koh Kong Province and sell out forests to dishonest companies to fell all the trees.

In sum, in the past few years, the communist Vietnamese ordered the two-heads, their out-and-out lackeys, to sign contracts selling over 3 million hectares of [words indistinct] land, and forests to villainous foreigners to skin and bleed white our Cambodian nation and people in a most awful manner, unprecedented in Cambodia's history.

This is the communist Vietnamese strategy of annexing, slashing, and killing the Cambodian race through all means. The contracts signed by the two-heads that allow the foreigners to control our land for 70 to 90 years constitute a very serious traitorous, nation-selling, nation-killing act. This is because it is tantamount to:

1. Destroying Cambodia's sovereignty and territorial integrity;

2. Killing the Cambodian people, especially the peasants, who form 85 percent of the entire population.

Peasants can survive only when they have land, water, and forests. Such an auction, block by block, of millions of hectares of land, water, farms, and forests is in line

with the implementation of the communist Vietnamese alliance strategy to uproot our peasants and to destroy the peasantry's force, which is a national force playing an important role in the successive struggles for national salvation and defense. In this way, they want to kill our entire Cambodian nation, people, and race and turn our country into a second Kampuchea Kraom [ancient Cambodian territory lost to Vietnam in the 17th century].

3. Undermining our Cambodian unity, dividing Cambodia into parts — to become cities of the villainous foreigners, that is, to allow them to set up their own state power inside Cambodian cities. In these cities, they can bring in anyone they like, whether international criminals and assassins or the communist Vietnamese, as they did in the obsolete colonialist era that existed in the past over several centuries.

The PGNUNS cabinet together with the entire Cambodian nation and people strongly and resolutely condemn and vehemently reject as null and void all the contracts that have been and will be signed by the two-heads, out-and-out lackeys of the communist Vietnamese, to cut off and sell out the flesh of our nation to the villainous dishonest foreigners for them to destroy Cambodia's sovereignty and territorial integrity and to kill our Cambodian nation and people and then skin it, eat its flesh, and suck its blood.

The stand of our PGNUNS and National Union Party [NUP] is:

1. To unite with the forces of the entire Cambodian nation and people and struggle arduously to defend and forever preserve Cambodia's national sovereignty and territorial integrity. Cambodia's national sovereignty and territorial integrity are inviolable. No one is allowed to trample upon and destroy them, whether as a whole or in part.

2. To defend and forever maintain the entire Cambodian people and race, including the 85-percent peasant population. Peasants should enjoy the right to own land and have water and means of production so that each family can earn sufficient income and enjoy a better livelihood under a multiparty democratic system and a market economy.

To realize these ideals and political goals, our PGNUNS and NUP pledge to join hands with all national forces and people and struggle persistently to end the communist Vietnamese war. In this way we will achieve a definitive, genuine national reconciliation, national accord, and peace.

These are the main contents of the PGNUNS cabinet meeting on 2 October.

[Correspondent] Thank you, Excellency. As the representative of the PGNUNS radio, I would like to ask the following question: What is the NUP's policy concerning investment? Could you please talk about this?

[Mak Ben] Yes. NUP's policy is to allow the foreigners to come to invest in our country after the end of the communist Vietnamese war. However, we will not allow them to come to do away with our national sovereignty and territorial integrity and kill our nation and people. NUP's political program clearly outlines the investment issue. That is, Cambodia opens its doors to establishing relationship and cooperation in the economic, financial, commercial, cultural, technical, and all other fields with all countries in the world on the basis of mutual respect and respect for Cambodia's sovereignty and territorial integrity. We want foreign investment in the fields of agriculture, industry, craftsmanship, energy, communications, and so forth, and to have trade and banking contacts with foreign countries. All these must be in line with the interests of our nation and people. But all these are possible only after the war is ended, only when there are peace, national accord, and a genuine national government. Only then can the investment and business contacts proceed well.

When the 1991 Paris agreements were signed, many foreigners wanted to come to invest in our Cambodia. But after the communist Vietnamese, UNTAC [UN Transitional Authority in Cambodia], and the alliance destroyed the Paris agreements and carried on kindling the communist Vietnamese war, the foreigners dared not come to invest here. Good businessmen would not come to invest in the bandit cities of the two-heads. They would not dump their money in the flames of the communist Vietnamese war. Those who have come to trade with the two-heads are not here to build anything. They are here to plunder our people and slash their throats. Let us take a look at what they have done. They have come to build casinos. They have not built the industry or agriculture to let our people have enough to eat. They have come to sow the seeds of AIDS, build more brothels, and create more vices. That is, they have come to skin and kill our nation. Those who have come to invest in forestry have also done the same. They felled all the trees and completely destroyed our forests. Our people are not allowed access to their areas. They would shoot and kill any people who felled a few trees for use in building a house. Likewise, the Vietnamese along the Tonle Sap lake do not allow our people to catch fish.

Honest businessmen can come to invest only after the war in our country is ended and when there are a genuine national government, political stability, and law and order. Only then will they come to invest in our country.

[Correspondent] Thank you, Excellency.

Indonesia

Overseas Groups 'Masterminded' Asylum Request

BK2909124095 Jakarta ANTARA in Indonesian
0959 GMT 29 Sep 95

[FBIS Translated Excerpt] New York, 29 Sep (ANTARA) — Foreign Minister Ali Alatas says the request for political asylum by five East Timor youths at the British Embassy in Jakarta was masterminded by certain overseas anti-Indonesia groups.

"The five youths are neither persecuted nor wanted by the authorities. What is strange is that the youths brought with them a statement written in impeccable English. This shows that their action was planned well in advance," he told ANTARA in New York on Thursday.

The minister made the remarks when asked to comment on the asylum request by five East Timor youths at the British Embassy in Jakarta.

The five asylum seekers are scheduled to leave Jakarta for Portugal on Friday with the assistance of the International Red Cross Committee.

Alatas said whenever there is an international meeting, such as the 50th UN General Assembly meeting currently taking place in New York, anti-Indonesian elements living overseas always do something to attract the international community's attention.

"I think the pattern is getting clearer. Every time there is an international meeting, our foes overseas, especially former members of Fretilin [Revolutionary Front for an Independent East Timor] with possible assistance from Portugal, do something to attract attention," said Alatas.

The same tactic was used during the APEC [Asia-Pacific Economic Cooperation] informal meeting in Jakarta last November. At that time, a group of East Timor youths broke into the compound of the U.S. Embassy in Jakarta and demanded to meet with President Clinton or the U.S. ambassador. The U.S. side declined to meet their demand and the youths were eventually allowed to leave for Portugal. The Indonesian Government did not try to obstruct their departure.

Alatas said he highly appreciates the British Embassy for firmly refusing to grant political asylum to the youths. Portugal then offered to receive them.

"If they want to go to Portugal, go ahead. Our stand is the same as when we have dealt with similar incidents in the past," said Alatas. [passage omitted on Alatas' activity in New York]

Officer Rejects Timor Governor Ambush Report

BK2909143195 Jakarta MERDEKA in Indonesian
28 Sep 95 p 1

[FBIS Translated Excerpt] Brigadier General Suwarno Adiwijoyo, chief of ABRI [Armed Forces of the Republic of Indonesia] Information Service, denied an AFP report saying that East Timor Governor Abilio Jose Osorio Soares had escaped an ambush by unknown gunmen in Iliomar forest, about 30 km from Los Palos, on Monday (25 September).

"There was no assassination attempt against the East Timor governor by GPK [Security Disturbance Movement] members," said Brig. Gen. Suwarno to MERDEKA on Wednesday (27 September).

MERDEKA had earlier tried to contact Col. Mahidin Simbolon, commander of the Wira Dharma 164th Military Area Command in East Timor, to confirm the AFP report. However, one of his staff officers admitted he was unable to locate him.

Brig. Gen. Suwarno said it was true the East Timor governor and his entourage were in a convoy to mark the 50th independence anniversary with ABRI personnel as guards.

The report given by Col. Mahidin on Tuesday said when the convoy was passing through an area near Los Palos, a security personnel who was cleaning his rifle accidentally fired it upwards.

"There was only one accidental shot, but AFP reported that there were 15 shots," said Brig. Gen. Suwarno, adding that the report was written to give the impression that East Timor's situation was unstable. [passage omitted on background of recent East Timor riots]

Rights Commission Confirms Deaths in Irian Jaya

BK0210084795 Jakarta THE JAKARTA POST
in English 23 Sep 95 p 1

[FBIS Transcribed Text] Jakarta (JP) — The National Commission on Human Rights established yesterday that 16 civilians were killed and four others went missing during various military operations in Irian Jaya over the past year.

Announcing the findings of its investigation into allegations of human rights violations, the commission counted six incidents in the Timika district of the Fak Fak regency and Hoesa village in the Paniai regency of Irian Jaya.

The commission, "based a testimony from 40 witnesses and 14 sources, concludes that between October 1994

and June 1995, there have been violations of human rights in those areas," it said in a press statement.

It listed six forms of human rights violations: indiscriminate killings, torture and inhuman/degrading treatment, unlawful arrest and arbitrary detention, disappearances, excessive surveillance, and destruction of property.

Armed Forces (ABRI) Chief Spokesman Brig. Gen. Suwarno Adiwijoyo declined to comment on the commission's report yesterday, saying he needed to study it first.

Commission Deputy Chairman Marzuki Darusman, who headed the investigation team, announced that women and children were among the 16 people killed. He did not give a precise breakdown of the dead.

The incidents occurred during military operations connected with ABRI's effort to deal with security disturbances from the Free Papua Movement, an armed separatist group. And in safeguarding the mining operation of PT Freeport Indonesia, which the government considers a vital project, according to the statement.

Marzuki said 11 people were found dead outside the mining project of Freeport. The remaining five were found inside the project area.

Allegations of human rights violations in Timika were first brought to the commission's attention by a number of non-governmental organizations and church leaders last month.

The Army has also launched its own investigation and ABRI Chief Gen. Feisal Tanjung told a hearing at the House of Representatives on Wednesday that his troops had violated procedures and regulations when handling the Timika affair. Feisal said he has also ordered Army Chief of Staff Gen. R. Hartono to take stern measures against the soldiers involved.

Marzuki's explanations yesterday often went beyond the prepared text that was distributed to journalists at the start of the press conference.

"The security apparatus and the military personnel indiscriminately shot the 16 people and tortured them in order to extract confessions," he told the conference.

Commission secretary general Baharuddin Lopa and six other commission members were present at the conference held at the end of a three-hour review session.

Some 30 Irianese living in Jakarta, who had waited patiently for the announcement, were also present.

Commission Chairman Ali Said was not present. He is reportedly in Singapore undergoing medical treatment.

Marzuki said soldiers arbitrarily and unlawfully detained the locals and put them under intense surveillance.

They also ruined traditional Irianese houses during the operation, he added.

"The National Commission on Human Rights expresses its deepest regret and apprehension at these violations of human rights conducted by the security apparatus even though they occurred in the line of duty," the statement read.

It also urged the government and the military to investigate the whereabouts of the four missing persons and to compensate the villagers, or their relatives, whose rights they violated.

Irianese protesters questioned last week the extent of Freeport's involvement in the incidents. The company's representatives in Jakarta have denied any involvement or prior knowledge of the killings.

Marzuki said yesterday that a Freeport bus was used by the military at the latter's request, but a container, used by the military to detain the people, no longer belonged to the American company when the rights violations occurred.

The commission statement also criticized the Irian Jaya Provincial Administration for its neglect in detecting the killings earlier, which would have allowed the commission to take measures to prevent other human rights violations.

The commission "feels that it is high time to review the government's policy in containing security problems which has so stigmatized part of the population that it has affected the cohesion of society."

It urged the use of an effective "political, social and cultural approach."

Daily Urges Conference To Solve E. Timor Issue

*BK0210112695 Jakarta THE JAKARTA POST
in English 28 Sep 95 p 4*

[Editorial: "The East Timor issue"]

[FBIS Transcribed Text] President Suharto is reported to have expressed his concern over the situation in East Timor during a meeting with leaders of the Indonesian Bishop's Conference the other day. He reportedly called for greater efforts to eliminate the prevailing suspicions which the East Timorese still harbor, particularly of non-East Timorese.

We believe that many people share the President's concern over the East Timor issue. The rioting in East

Timor two weeks ago, which lasted almost three days, was indeed a warning to all of us as to how precarious the problem of East Timor is. It is obvious that aside from social and economic problems, religion and inter-ethnic relations could trigger social instability in that province far too easily.

On the other hand we are detecting the spread of a kind of "East Timor fatigue" among many Indonesians. Questions such as, how much longer will the East Timor problem continue to haunt us, or, why does East Timor continue to be a running sore even after almost 20 years of integration, are examples of this feeling.

We are also aware that of late a small number of people, particularly activists and for reasons still unclear, have even begun to question the Indonesian "involvement" in East Timor.

Of course we can easily accuse the Fretilin [Revolutionary Front of an Independent East Timor] or other third parties of masterminding the endless riots or incidents which are occurring in relation to East Timor. The latest event being the seeking of asylum by five East Timorese students at the British Embassy in Jakarta a few days ago.

We are of the opinion that rather than blaming those people apparently suffering from "East Timor fatigue" of harboring subversive feelings or of having links with the Fretilin, we should try to understand why such questions and opinions have emerged. Only by keeping an open mind can we get answers that could be instrumental in solving the problem.

Much has been said about the mistakes of our past East Timor policy, which put too much emphasis on physical development. Billions or trillions of rupiah have been spent to raise the living standards of our brothers and sisters in East Timor. And much to our dismay, many of the young people who have enjoyed secondary educations due to these efforts, have turned their backs on us and are opposing the government. And many people in other poor regions have begun to question the merits of the government's policy of providing this 27th province's people with so many more subsidies than they have ever enjoyed.

We are aware that East Timor is a delicate and sensitive issue. But without a real and concerted effort from all of us to settle the issue, East Timor will continue to hamper us.

In the last several years our reputation in the international community has been badly dented by this issue. Many visiting dignitaries have raised the East Timor question during their talks with our leaders. Even some of our neighboring countries have shown a certain de-

gree of uneasiness on the issue, as apparent during the East Timor conferences held in Manila and Bangkok last year.

One way or another, the East Timor issue has come to overshadow the success of our national development. Too much energy has been spent on explaining and countering the negative campaigns on East Timor. We are afraid that without immediate and proper handling, the matter will continue to sap our energy and sidetrack us from the more important issues.

Why should the government not initiate a conference, a series of conferences if necessary, in which all parties, including intellectuals, religious leaders, Armed Forces officers, government officials, parliamentarians, informal leaders, plus scores of other noted individuals, can have open and frank discussions on how to resolve the East Timor dilemma?

We believe that a first solid step like this would help us to understand the situation better and lead to the emergence of further positive action. After all, after almost 20 years of integration, it is time the East Timor question was settled for once and for all.

ABRI Reaffirms 'Close' Ties With Golkar

*BK0210062395 Jakarta KOMPAS in Indonesian
30 Sep 95 p 1*

[FBIS Translated Excerpt] Jakarta, KOMPAS — As a sociopolitical force, ABRI [Armed Forces of the Republic of Indonesia] cannot stand neutral on domestic politics because it must choose a reliable ally to achieve national objectives and aspirations. Accordingly, ABRI is close to Golkar [Functional Group, the country's ruling political group] for ideological and historical reasons. However, ABRI's close relations with Golkar in no way means that ABRI is hostile to other sociopolitical organizations.

Major General Syarwan Hamid, assistant for sociopolitical affairs to the ABRI chief of staff for sociopolitical affairs, said this during a panel discussion with the Political Journalists Forum entitled "ABRI and Golkar" at Surabaya Post House in Jakarta on Friday (28 September). "We are all in one family," Syarwan said.

According to Syarwan, ABRI's close relations with Golkar are in fact normal and there is nothing unusual about it. However, the matter always becomes a hot topic prior to general elections because it is related to efforts to win the sympathy of voters. He stressed that ABRI's sociopolitical role is based on Pancasila, the 1945 Constitution, and national history. ABRI personnel are national fighters. The former head of the ABRI Information Center detailed ABRI's role in the fight

against the infiltration of the communist ideology into the country. "The establishment of the Golkar Joint Secretariat was designed to fight against the communists at that time," Syarwan said.

He added ABRI and Golkar continue to maintain their relations on the basis of their common ideology and history. "This is natural," he said.

Syarwan said ABRI's close ties with Golkar should no longer be highlighted to create the impression that ABRI is hostile toward others. "ABRI regards all national forces as allies under Indonesia's familistic political principles. However, we cannot deny the history of our national struggle. Thus, ABRI has a close ally," he said.

Syarwan was asked about how long close relations between ABRI and Golkar would last as far as Golkar's independence is concerned. He said the nation will continue to develop as the time goes by. Nevertheless, Golkar as an independent sociopolitical organization will remain a focal point.

The forum asked: "Shouldn't there be any problem of ABRI being 'close' with anyone now that all sociopolitical forces have adopted Pancasila as their common ideology?"

Syarwan said concrete action determines ABRI's position. "Not just statements. There must be concrete action," he said.

Syarwan added three current sociopolitical organizations [Golkar, the Muslim-backed United Development Party, and the nationalist-Christian Indonesian Democratic Party] have their respective "shades of opinion" or characteristics. "These will not be similar," he said. [passage omitted]

Philippines

Ramos Outlines Country's Economic Reforms

MS0210104095 London FINANCIAL TIMES
in English 2 Oct 95 p 8

[Interview with President Fidel Ramos, by Edward Luce; at the Malacanang presidential palace in Manila; date not given]

[FBIS Transcribed Text] President Fidel Ramos is entering the fourth year of a single six-year term as head of state. At the start of his term in 1992, Mr Ramos inherited negative growth rates, soaring inflation and hefty foreign deb obligations. In three years the former five-star general is credited with having turned the Philippine economy around.

Doubts remain, however, about the administration's resolve to push through judicial, public sector, and law

and order reforms between now and 1998, when the president stands down.

President Ramos spoke to the Financial Times at the Malacanang presidential palace in Manila:

Q: Most of the obvious economic reforms needed by the Philippines were enacted during the first half of your term. What remains for you to do?

A: The main priority for the 10th congress would be (to complete) the bills which were not fully completed in the ninth congress. There are the tax reform measures which would provide for the broadening of the tax base.

We are aiming for 18 per cent (tax collection as proportion of GDP) which is the average in the Asean (Association of South East Asian Nations) in the next two years. We started three years ago at 14.5 per cent and we are up at 16 per cent now so we are moving up.

We are also pushing remaining bills on adjustment and safety measures so that we will be competitive and faithful to our commitments under the World Trade Organisation including safety and incentive measures for the agricultural sector.

Q: You mentioned in your address at the opening of the new Congress on July 24 that public sector reform would be a priority of the next three years. You have also requested emergency powers to cut the public sector payroll.

A: We are giving priority to judicial reform measures. These include training education and incentives for prosecutors, judge advocates and other lawyers in public service so that justice will not be delayed.

The Philippine government has already been able to transfer some 109,000 public servants since I started in this office. At the same time we have hired another 20,000. That gives a net of 89,000 transferred to the field in last few years.

Eventually we will need (emergency) authority so that we can be more efficient and timely in the transfer of people to municipalities and in the provision of early retirement for those who want to leave this service.

We want to decentralise and devolve public bureaucracy to the field.

Q: In your speech you said that the "Philippines cannot enter the 21st century with one foot in the feudal era". What did you mean by that?

A: If we waste goodwill among ourselves as leaders in intrigues and intramurals, we will not be able to reach the critical mass to keep the economic momentum going so that we can move sustainably into the 21st century.

Q: By "intrigues" presumably you mean recent suggestions that the constitution should be changed from a US-style presidential system to a parliamentary system or to extend the presidential limit so that you could stand for another term. You have said before that you intend to play golf after 1998 but many people, including foreign investors, have said they would prefer you to remain in power to keep the economic reforms on track.

A: I will finish in six years what most would not be able to do in 12 so it amounts to the same thing.

I have suggested that the house of representatives do what the senate has already done, which is to get the commitment of the majority of its members so that the proposed (constitutional) shift would not take place during their term, so we can concentrate on a common legislative agenda. The majority have already verbalised this commitment but it will need an Act of Resolution to make it more official. It is important we put the policies in place and that they remain in place.

We have lived through the era of presidential decrees before (under the dictatorship of Ferdinand Marcos) so I don't think constitutional change would inspire foreign investors. Every country nowadays has to be as open, transparent, predictable and continuous in terms of policies as possible.

Q: What is the major goal of your last three years in office?

A: At the start I divided the six-year term into three components. The first two years were devoted to economic recovery, growth and sustained progress so that we could generate the assets and funds to support our other programmes.

The middle two years, which is now, will focus on social reforms, especially the basic needs of the people including housing, relocation of squatters and job generation.

The last two years will be spent on electoral and judicial reform. The people clamour for a reform of the mechanism of the administration of justice. We have a variety of law enforcement agencies — I think there are 35 with law enforcement functions — so there are many agencies which need to be better co-ordinated.

We also intend to improve the electoral system to computerise the process and make it more efficient.

Q: The Philippines still has very inadequate infrastructure, poor roads, and communications. How do you propose to rectify this?

A: There is a lot of investment needed there. We are availing as often as possible of the expanded build operate transfer (B O T) law, and some very difficult

road building and power generation projects are being handled this way. The other day we signed a deal with PT Citra (the Indonesian construction group) to do a 1 2km double deck "skyway" road in Manila. The second phase of that is being studied now, and will be offered as a B O T arrangement which will take the tollroad beyond Metro Manila itself.

Q: Manila also has a very outdated water network. The World Bank estimates that up to one-third of the supply is lost through leakage and pilfering. In June you were given emergency powers to tackle the water crisis. How will you use them?

A: On water we have four, maybe five big groups doing water supply and management studies for Metro Manila. The policy is to conserve as much water as possible and improve the distribution of water. Southern water, By-water, Anglian, Northwest Water and Trafalgar have all expressed an interest.

The new B O T law makes it possible for negotiations to take the place of bidding with unsolicited proposals. We want the water B O T to be in place including the privatisation of some water components.

Q: What do you expect the rate of economic growth to be in 1998 when you stand down?

A: At the beginning of our term we set the following goals: number one to reduce poverty by 25 per cent which would bring us down to between 25 and 50 per cent of the population below the poverty line. We also aimed for a per capita income above US\$1,000. I think we are close to achieving that goal or have already reached it.

I think a better measurement is the purchasing power parity. We consider our low cost of living one of our best attractions. We also have very high literacy, fluency in English and comfort and ease with our neighbours — we don't have any enemies around the world. We hope to average 6 to 8 per cent GNP growth during this six-year period, which means that in order to catch up to the average, the last couple of years should be double digit growth. We are hitting the halfway mark this year at about 6.5 per cent.

Q: Aren't you in danger of unleashing inflation again?

A: Our programme is to keep inflation in single digits. This month it is at 8.4 per cent, but that is one point better than the same time last year. The important thing to remember here is that five years ago interest rates and inflation were above double digits, and we had very low foreign exchange reserves. Growth was below 4 per cent in all sectors. Everything has changed now.

Police on 'High Alert' Following U.S. Verdict*BK0310110895 Hong Kong AFP in English
1054 GMT 3 Oct 95*

[FBIS Transcribed Text] Manila, Oct 3 (AFP) — Philippine police have been put on high alert against Muslim extremist attacks after a US court convicted 10 fundamentalists of conspiring to carry out terrorist attacks, the national police chief said Tuesday.

"I have directed field units in Metro Manila and Mindanao to take precautionary measures," National Police director-general Recaredo Sarmiento told reporters.

Sarmiento said he has asked the police chiefs of Manila and the southwestern Philippines to "monitor the situation and to thwart possible Muslim extremists' attacks."

One suspected colleague of Sheikh Omar Abdel Rahman, a blind Egyptian cleric, and the nine other convicted conspirators, was extradited by the Philippines to the United States in April.

Abdel Rahman, a 57-year-old blind cleric who heads a fundamentalist movement, was convicted on Sunday with the others on charges of plotting to blow up the UN headquarters and other New York landmarks.

A Philippine police tip-off also led to the arrest in Pakistan of another suspect, Ramzi Ahmad Yusuf, who was also extradited to the United States, but was not among those convicted.

Philippine police said Ramzi masterminded an aborted plot to assassinate Pope John Paul II during a visit here in January and to blow up US airliners.

He is also accused of having planted a bomb in a Philippine Airlines plane which went off in mid-air in December, killing a Japanese passenger.

The Abu Sayyaf, blamed for terrorist bombings and kidnappings in the southern Philippines, ambushed and killed six soldiers in the southern island of Basilan on Sunday. Seven guerrillas were later slain by pursuing soldiers.

Thailand**Laos Trade Improves After Burma Border Closure***BK0310082795 Bangkok BANGKOK POST (INSIDE
INDOCHINA Supplement) in English 3 Oct 95 p 3*

[Report by Saridet Marukhathat, Subin Khuenkao]

[FBIS Transcribed Text] Businessmen in nine provinces bordering Laos want a joint border trade committee set up to promote trade with that country.

The Thai Chamber of Commerce is drafting a proposal for discussion with trade bodies in the nine provinces before putting it to Laos' National Chamber of Commerce and Industry.

Traders in Chiang Rai, too, are looking increasingly at trade with Laos as a means to survive since Burma closed the Thachilek checkpoint, opposite Mae Sai district, in late March.

The closure sharply cut trade with Burma at a time business with Laos was increasing.

Border trade between Thailand and Burma is running at just under two per cent of normal levels. It was worth 15-20 million baht per day before March.

But Thai-Laotian trade through Chiang Rai has jumped almost 40 per cent since then and is forecast this year to top last year's 202 million baht by a comfortable margin.

Aranya Sutnin, president of the Nong Khai Chamber of Commerce, said the Laotians already welcomed the border trade committee idea but wanted details in writing before seeking government approval.

The proposal was constructive but both sides needed to put it into a document, the Laotian chamber's vice-president Chanthao Pathammavong, was quoted as saying in the Vientiane Business Social, the only business newspaper in Laos.

Traders hope the proposed committee will enable them to solve problems instead of having to take them to government level.

The main goal is to promote business and help traders become familiar with the procedures, Aranya told INSIDE INDOCHINA by phone.

"We have no problems in resolving border trade issues with Laos owing to long, close relations between us."

The committee needed representatives not only from chambers of commerce in all nine provinces, but also government representatives to make it effective, she said.

Border trade observers are pessimistic, though, because the idea does not conform with Laotian government policy to focus on international trade promotion. Vientiane wants to discourage border trade although it realises Laos relies heavily on such deals.

Cross-border trade, which accounts for several billion baht each year, including illegal traffic, plays an important role in business between Thailand and Laos.

Products from Thailand, mostly consumer goods, go to Laotian provinces on the border and to inland areas such as Luang Prabang.

For Laos, trade with Thailand accounted for 6.675 billion baht last year, 36 per cent of its total foreign trade, according to the Thai Commercial Office in Vientiane.

Other proposals to strengthen trade have been floated. Ubon Ratchathani's Chamber of Commerce wants the provincial trade body in Champassak to strengthen cooperation by providing Thai traders and investors with information and access to check out business opportunities in the southern Laotian province.

Chiang Rai and Uttaradit provincial commercial bodies want regulations on trade with Laos made clearer.

The closed border with Burma is blocking promotion of activities under the Economic Quadrangle Cooperation plan, which involves Thailand, Burma, Laos and southern China.

A high-ranking source of the Mong Tai Army [MTA] said it had to become involved in the plan. A road link would pass through Shan State which it controlled.

Rangoon regards the MTA as a rebel minority.

Uncertainties surrounding the reopening of the Thai-Burmese border are prompting not only Chiang Rai authorities, but even China to turn to Laos.

Du Shengta, deputy secretary of the Communist Party in Yunnan, said China favoured upgrading the road from Jinghong in China to Laos and on to Nan province in Thailand.

"It will soon be a major road with economic potential and China undoubtedly supports the idea."

Du headed a Chinese delegation which held talks with Nan authorities and businessmen and Laotians in Nan two weeks ago when the road plan was discussed.

The road between Nan and the border crossing between Luang Namtha province, Laos, and China would be 300 kilometres slashing the travel time between the two points from two days to three hours.

Chiang Rai strongly supports construction of a bridge across the Mekong River to link Chiang Khong with Huai Sai in Bokeo, Laos.

Chiang Rai deputy governor Riap Naradison said the bridge was part of the province's development plan with support from the private sector. But government approval was awaited for the project estimated to cost at least 500 million baht.

In August, a team sent by the Australian government made a feasibility study of a possible site for the bridge, Reap said.

Chawalit's Visit to Phnom Penh Reviewed

*BK3009105695 Bangkok THE NATION in English
30 Sep 95 pp A 1, 2*

[Report by Marisa Chimprapha]

[FBIS Transcribed Text] Phnom Penh — Thailand and Cambodia yesterday set up a national-level commission to resolve border problems involving banditry, illegal entry, smuggling and other crimes.

Defence Minister Gen Chawalit Yongchaiyut, in Phnom Penh on an official visit, co-signed the agreement with Cambodia's co-defence ministers Gen Tie Banh and Gen Tea Chamrat. The event was witnessed by Cambodia's co-premiers, Prince Norodom Ranariddh and Hun Sen.

"The Regional Border Commission (RBC) will be a central and mutual body of Thailand and Cambodia. Any mutual misunderstandings will be solved through the RBC's sub-committees, which will be chaired, in order of descending importance, by defence ministers, supreme commanders and regional commanders," Chawalit said.

Thailand has a similar commission at ministerial level with Malaysia.

According to the agreement, the subcommittee at the defence minister level will convene once a year and at the supreme commander level twice a year, while the regional commanders of both countries will meet depending on the situation.

Chawalit yesterday spent the first day of his visit on a tight schedule. In the morning he met his Cambodian defence counterparts and in his capacity as deputy prime minister he met Cambodia's co-deputy premiers, Sar Kheng and Ing Kiet.

He also paid a courtesy call on Prince Ranariddh and Hun Sen in the afternoon before signing the agreement.

An informed source said yesterday that talk about the outlawed Khmer Rouge was avoided.

Gen Tea Banh said at a press briefing that his ministry had asked for Thai Defence Ministry help as the Cambodian army needed to be trained in many areas.

Gen Tea Chamrat stressed that in the discussion with Chawalit, the Phnom Penh government did not ask Thailand to provide lethal weapons to Cambodia, but

to simply train his military men. "We need no more (fighting)," he said.

Asked about Thailand's position on the Khmer Rouge, Chawalit said the country still adhered to its commitment not to help the Khmer Rouge movement, which he described as a "tiny" one.

He said a report that the Khmer Rouge still controlled about five per cent of Cambodia was untrue, claiming that its area of control was only one per cent and sometimes less than that.

"No one in the world pays any attention to this issue. I wonder why reporters are still interested in such a small movement," he said, adding that he believed in the Cambodian government's ability to eliminate the Khmer Rouge guerrillas.

Prince Ranariddh informed Gen Chawalit that Cambodia's King Norodom Sihanouk would visit Thailand in March to attend the cremation ceremony for HRH the Princess Mother.

Central Bank Puts Foreign Banks Under Ruling

*BK0310082995 Bangkok BUSINESS DAY in English
3 Oct 95 p 1*

[Unattributed report]

[FBIS Transcribed Text] Bank of Thailand (BOT) has ordered fully operational branches of foreign commercial banks to change their way of calculating foreign exchange positions in order to limit the risk from issuing loans in foreign currencies, said Mr. Wichit Suphinit, the central bank governor.

This is in accord with the new calculation procedures set for Thai banks' foreign exchange positions last month and is intended to deter foreign currency lending to certain sectors.

Mr. Wichit revealed the central bank's decision after attending a meeting with representatives from the Association of Thai Bankers yesterday.

The central bank's requirement on foreign exchange positioning says commercial banks must exclude loans given out in foreign currencies to "unimportant business sectors" from their assets holding.

Unimportant business sectors, according to the central bank, include the property sector especially golf courses and empty land. Loans for personal uses were also included in the stricter criteria.

The exclusion of such loans will highlight the exchange rate risks commercial banks will face when they issue loans to such businesses, said the BOT governor.

Mr. Wichit said apart from reducing risks, the BOT's control over foreign exchange positioning of both local and foreign banks would compel the banks to spread loans in foreign currencies to more economically productive sectors.

Revamp of Military Rules To Stop 'Abuse'

*BK0310080595 Bangkok THE NATION in English
3 Oct 95 pp A1,A3*

[Unattributed report]

[FBIS Transcribed Text] Defence Minister Chawalit Yongchaiyut yesterday vowed that military regulations would be revamped to prevent "political abuse" of the armed forces.

The announcement came one day after he held an unusual meeting with the military's top brass. The get-together at the Ban Phitsanulok prime ministerial residence took place on the first day that the annual military reshuffle came into effect.

"I have ordered that every possible amendment to the rules and regulations should be done to prevent outside forces from interfering with the military," Chawalit said. "We must understand that the government's stability is one thing and national security is another."

He said he would further clarify his ideas within a couple of days.

"It's not that I'm not concerned about this government. I'm a part of it, too. But a good government doesn't need to be worried (about what I'm trying to do)."

Chawalit pointed out that there were several agencies responsible for national security and "it's not right to link the agencies to the government's stability or an individual's stability."

Chawalit's move was seen as somewhat ironic as it followed this year's military reshuffle, in which Chawalit was alleged to have butted in to promote his favourites to key posts. The new Army chief, Gen [General] Pramon Phalasin, was Chawalit's confidant.

Some critics even said the reshuffle reflected Chawalit's "ambition" to rebuild his "base" in the military.

Chawalit, a former Army chief who abandoned the powerful post in 1990 to play politics, yesterday said the criticism was nonsense given the fact that he "had left the 'base' before".

"That base which I had when I was Army chief was much stronger but I did not hesitate to leave it. I chose to become 'baseless' because I wanted to set the correct

precedent. I would not have been here if I had been so concerned about my base in the military," he said.

He downplayed the Sunday night meeting, saying it had been planned before Banhan left on a tour of ASEAN countries. But when the prime minister returned from his overseas trip on Sunday night, Banhan appeared to be caught off guard by the arrangements.

Finance Minister: Inflation Rate 'Manageable'

BK0310082595 Bangkok BUSINESS DAY in English
3 Oct 95 p 2

[Report by Staff Writer Sakol Mann]

[FBIS Transcribed Text] Finance Minister Surakiat Sathianthai reaffirmed that inflation would average 5.2 percent this year. He indicated that the inflation rate, when compared to Thailand's current economic growth of 8.6 percent, was manageable".

The finance minister was speaking at a dinner at the Siam Intercontinental Hotel last Friday.

Dr. Surakiat explained that the increase in the Consumer Price Index (CPI) in August was due to the fact that around that time each year, the prices of food products increased.

He added that he had received word from the Agricultural Ministry that the prices have now reached normal levels. "In fact farmers are now complaining of the cheap prices of some of their produce," he said. The finance minister said if the CPI increase had been due to the rise in the non-food sector, that would have created a great deal of worry, but it was not the case he said.

Besides inflation, Dr. Surakiat provided an overview of the government's fiscal and financial policy. He confirmed the government's commitment on further improving Thailand's economic growth, currently 8.6 percent. Dr. Surakiat stated that during the past 30 years, Thailand's economy grew at 7.7 percent per year. "The government's financial and fiscal policy initiated by the current government would allow the economy to grow steadily, and we expect next year's growth rate to be in the region of 8.8 percent," he said.

Dr. Surakiat said he was not new to financial and fiscal policies and recalled that he was an advisor to the Chachai Chunhawan government. During that period, he advised on numerous agenda relating to economic policies at that time.

"The private sector in Thailand saw an immense improvement due to their ability to adjust to various government policies during the past 30 years," Dr. Surakiat said. Thailand's economy grew at a steady rate due to the export-oriented policy by previous governments, he

added. During the years 1987 through 1990, Thailand's exports grew at an average 20.1 percent per year, investment by the private sector increased at approximately 28.4 percent per year and income generated from tourism improved by 32.1 percent yearly. The increase in foreign investment was an important factor in the continuous growth of the country, he said.

Dr. Surakiat however, stated that there were a number of areas that needed further development such as investment in infrastructure, improvement in Thailand's agricultural produce to develop finished food products, improvement in the collection of taxes, environmental improvement, advancement in the educational system, the implementation of policies to reduce the gap between rich and poor, increase efficiency in savings in the long term by reducing interest on savings accounts and lowering the current account deficit by approximately 3 percent.

People working outside the agricultural sector earn at least 10 times more than farmers. "Thailand must use the "produce for export" program in the agriculture sector as well," said Dr. Surakiat. "For example, we must be able to produce ham or sausages from pork, rather than sell pork as it is, he added.

In addition, Thailand must develop monetary and fiscal policy to conform to international standards so as to remain competitive, he said. "In doing so, we should strive to maintain the overall growth level to between 8-9 percent per year," he said.

The finance minister will implement policies in an attempt to keep the percentage of loans near the target of 24.5 percent whereas standard interest rates will be raised to 10.5 percent from 9.5 percent per year.

The dinner had been organized by the Faculty of Law at Chulalongkorn University.

Top Finance Officials Predict Sustained Growth

BK0310075595 Bangkok THE NATION in English
3 Oct 95 p A1

[Unattributed report]

[FBIS Transcribed Text] Top finance, monetary and stock market officials emerged in unified force yesterday to silence critics of the government's policies, stating that the economy was on course towards sustained growth this year and next.

"We must accept a slight deterioration in the current account deficit and in higher inflation. High investment in the next two years is a bet to propel us into the 21st century," said Bank of Thailand Governor Wichit Suphinit.

Wichit joined Finance Minister Surakiat Sathianthai and Securities and Exchange Commission Secretary-General Ekkamon Khiriwat in a live television talk show "To The Point" on Channel 9 last night.

The programme came as both Surakiat and Wichit were due to leave for Washington DC to attend the annual meeting of the World Bank and the International Monetary Fund.

The Banhan government has come under close scrutiny because of the sagging performance of the stock market, an increasing inflationary trend and deterioration in the current account deficit as a percentage of the GDP to about 6.2 per cent.

Ekkamon said the feeling among foreign investors in the Thai stock market might be more positive than local investors realize.

"Foreign investors were net buyers of Thai stocks in the third quarter. Furthermore, local investors have been buying when the index dipped below 1300. But the authorities will not do anything for the short term which could undermine the credibility of the stock market," he said.

Surakiat beat the positive drums by countering criticism of the government's handling of the economy.

"Higher inflation and the current account are both in a manageable range. The higher inflation is a result of seasonable and cyclical rises in the price of food items. We must allow farmers to enjoy a higher income."

His remarks came with the Commerce Ministry's announcement yesterday that inflation for the first nine months of this year had risen to 5.4 per cent, surpassing the original target of 5.2 per cent.

"We are still internationally competitive. Exports during the first eight months of this year were up 24.5 per cent, far above the projected growth of 17-18 per cent. Our inflation is also below ASEAN's average of 5.6 per cent.

Wichit said the higher investment in manufacturing, which had contributed to a higher current account deficit was an "investment for future production and a natural adjustment of the economy".

The current account deficit as a percentage of the GDP is on course to decline to 3.5 per cent to 4 per cent at the turn of the century. For next year, he predicted a decline in both the deficit and inflation as the economy becomes more balanced.

"There is nothing to worry about. In fact, foreigners seem to have greater confidence in the Thai economy than we do," said the Central Bank governor.

The case in point, he said, is the 65-per cent growth in capital inflow to Bt [Baht] 365 billion so far this year, a significant increase which could have an impact on inflation.

"We have a foreign exchange reserve of US\$36 billion which is higher than Australia and Canada as well as other competitors except for Hong Kong and Singapore. We are also ranked 26th among the 48 major economies in terms of international competitiveness," Wichit said.

He added that a survey conducted by Japanese investors during the middle of the year showed Thailand to be the most attractive place to invest after China.

Ekkamon said the slowdown in investment in the stock market could be attributed largely to the volatility in the foreign exchange market rather than other factors.

Surakiat last night repeated measures which his ministry has announced in the last two weeks to broaden and strengthen the stock market in the long term, including regulations for new local and foreign bank licences and expanding business scope for securities and finance companies.

Central Bank Official on Financial Controls

Concerns Over Lack of Legal Measures

95SE0184A Bangkok *THAN SETTHAKIT in Thai*
26-29 Aug 95 p 12

[FBIS Translated Excerpt] [passage omitted] Mr. Thirachai Phuwanathanaranuban, the director of the Department of Financial Institution Supervision and Development, Bank of Thailand [BoT], was interviewed by *THAN SETTHAKIT* on his role in monitoring and controlling things and on the effect of the previously implemented measures and new measures.

Measures that have been introduced in response to the two main policies, the security of the institutions and the stability of the Thai economy:

Mr. Thirachai talked about the supervision and development measures implemented by the Bank of Thailand. He said that things are being carried out in accord with the two main targets, that is, 1) to supervise the financial institutions and make them secure, and 2) to control the growth of the economy to ensure stability. The measures implemented in line with the first target include using BIS (net liquid capital to risky assets) regulations in establishing reserves for bad debts and measures to stipulate the net foreign currency position. The measures implemented in line with the second target include formulating credit distribution plans to guard against excessive growth, which could lead to an increase in inflation,

and requiring all commercial banks that are engaged in foreign financial activities to submit a credit plan.

"Requiring financial institutions to submit a credit plan will prevent confusion, which is what happened in the past, and help the financial institutions be more careful in extending credit. Projects that are unable to borrow money and projects whose results are uncertain, which involves businessmen who do not have enough experience and whose marketing is poor, will come to a halt."

The goal of the Bank of Thailand is to keep the credit growth rate in line with the growth of the economy. As for the risk involved in borrowing money from abroad in order to extend loans, the BoT has set very tight rules. Commercial banks that want to make loans to customers in a foreign currency can do so only if the customer is really capable of shouldering the risk and repaying the loan in dollars. Besides this, these customers must not have any financial problems. If interest payments are in arrears 7 days or more, the customer will be prohibited from counting those dollars as an asset in the following period. The BoT will monitor things having to do with customers more closely. This is now under study.

The BoT has had to promulgate measures to control the credit to deposits ratio, because it feels that some commercial banks have failed to see the importance of mobilizing domestic savings in extending credit. Instead, they have borrowed from abroad to extend credit. As a result, the domestic deposit base has declined.

Preparations are being made to amend the "Finance Law." In the future, bank managers will have to obtain the approval of the BoT:

Mr. Thirachai talked about the measures now being revised that have to do with supervising the financial institutions. He said that the BoT is preparing to make two major changes in the Commercial Banking Act. The first has to do with new business activities for which there are no supervisory tools. Such activities include trading in derivatives, interest swapping, and engaging in complex business deals. Such activities are increasing here and so we must have regulations and measures to supervise these activities. Even though certain sections of today's laws enable us to monitor things, those laws do not allow officials to supervise and control things directly.

The second change has to do with efficiency in supervising, monitoring, and controlling things. In this, there are two paths, preventing problems and solving problems. As for prevention, there will be guidelines for approving commercial bank managers. "In accord with

operating principles, the BoT must first give its approval before a person can take a position, such as the position of managing director or member of the board, to ensure that the person is suited in terms of both experience and honesty. That is one way of preventing problems from arising. At present, the BoT does not have the authority to approve managers directly. The BoT has submitted such a bill to parliament many times, and it will have to do so again."

As for problems having to do with finance companies, one of the problems that has arisen recently is the expansion of conglomerates and their investment in many projects. It is feared that this could lead to excessive risk, which could affect the parent company. The BoT has formulated guidelines for those finance companies that want to engage in business ventures: 1) They must submit straightforward plans. 2) They must not engage in activities that would lead to gaining a monopoly. And the activity must not be one that will later have to be curtailed. For example, if a land development company is established, the land must belong to the branch. The company cannot be established in order to develop a project in competition with the same business. 3) Taking loans from subsidiary companies is now limited to 25 percent of the capital (for commercial banks). It may be necessary to reduce this percentage on a case by case basis. The bank will consider expenditures and the risks faced by the financial institution. Finally, the finance companies must submit detailed reports on project expenditures. All of these criteria are aimed at clarifying things and ensuring that the profits don't go just to the managers. The commercial banks have already started complying, and they are cooperating well.

Further Comments

95SE0184B Bangkok THAN SETTHAKIT in Thai
19-22 Aug 95 p 19

[FBIS Translated Excerpt] The Bank of Thailand has implemented measures to supervise the commercial banks and financial institutions in order to ensure security. Examples are maintaining net liquid capital to risky assets (BIS), maintaining reserves for bad debts at 75 percent, which will increase to 100 percent at the end of 1995, requiring the commercial banks to submit detailed reports on management, and controlling risk having to do with trading foreign currency and derivatives. And in the near future, the BoT plans to take steps to amend the Commercial Banking Law.

Mr. Thirachai Phuwanathanaranuban, the director of the Department of Financial Institution Supervision and Development, Bank of Thailand, told THAN SETTHAKIT

that there are two main reasons for amending the Commercial Banking Act. 1. This will support new activities for which there are still no tools. 2. This will increase efficiency in supervising things and in preventing and solving problems that might arise in the future.

"First, we will focus on managing risk in cases having to do with derivatives, interest swapping, and complex business activities. Such activities are expanding and spreading in Thailand. Thus, there must be a law to control things, because the present law does not cover such activities. An example is maintaining net capital to liquid assets (BIS). We are considering this from the standpoint of the risk stemming from the market situation based on the risk value. The present law does not use the term 'risk value.' In the future, the BoT plans to have the financial institutions increase the BIS ratio to a level above the international standard, which is now 8 percent."

Second, the bank will try to amend the law as this pertains to the appointment of managers and board members, the power of the boards in considering credit, and the number of conference members of commercial banks. Once a proposal has been submitted, approval must be obtained, and the BoT must play a role in considering things just as in the case of finance and securities companies. This cannot be done using coercion. The purpose of this is to give the BoT greater power in selecting people who are suited to the position and who are trustworthy. In the past, the emphasis was on solving rather than preventing problems. In some cases, before orders could be given, the business had failed.

"Today, in appointing board members and managing directors, the finance companies must submit background files to the BoT and receive a response from the BoT. If someone is not approved, his appointment will depend on the factors stipulated by officials. That is, besides being a capable person who has worked in this field for a long time prior to his appointment as a manager, he must also be a very honest person. He should not be 'one-sided' or a 'one man show.'" Besides this, he must be bonded. All of these changes will be made as a "package."

As for supervising the finance companies, Mr. Thirachai said that the BoT has noted that at present, several finance companies and commercial banks have expanded operations and set up many subsidiaries. This makes it difficult to monitor things. Also, in investing, most exceed the 10-percent limit that has been set by transferring shares. For example, a finance company may have a 10-percent stake in companies A and B. But Company A may own the remaining 90 percent of the shares in

Company B or vice versa. And this does not include the shares owned by board members. The result is that the activities of all the companies are controlled by the same entity. If one business fails, that could cause a chain reaction and damage that financial institution and the entire system. Thus, the BoT is preparing to implement stricter control measures. This includes:

- 1) A framework for subsidiary companies must be established. If this is a necessary activity that enhances operations, the BoT will permit 100-percent ownership. This includes setting up computer companies and training centers and carrying on insurance and factoring activities.
- 2) The requests submitted must be in accord with the actual purposes for which the company was established.
- 3) Limits on business activities must be set in order to avoid competing with existing business activities of a similar nature. Because if a commercial bank or financial institution does this, it will have an advantage in terms of capital, technology, personnel, and sites (land), which could result in it gaining a monopoly. If a land development company is established, this should be limited to a branch only. This should not lead to establishing a land bank, which could lead to speculation.
- 4) Loan amounts must be limited, approval must be obtained from the BoT on a case-by-case basis, and the financial institutions must be capable of handling the risk. (Today, loans by commercial banks are limited to 25 percent of capital.)
- 5) Reports must periodically be sent to the BoT. [passage omitted]

Telecommunications Firm Wins Contract in DPRK

*BK3009120595 Bangkok THE NATION in English
30 Sep 95 pp B 1,2*

[Report by Yingyot Manchuwisit]

[FBIS Transcribed Text] Loxley Plc of Thailand has emerged as one of the first major foreign companies to receive permission to invest in North Korea.

The trading conglomerate has won a 27-year joint venture contract to install and operate telecommunications services in the socialist country's free trade zone.

The agreement was signed yesterday in Bangkok.

After less-than-a-year of effort, the Thai firm defeated competitors from the United States, Europe and Japan for the right to build and operate communications systems in North Korea's new free trade area — the Rajin Sonbong Free Economic and Trade Zone (FETZ).

The trade area, about 100 square kilometers larger than Singapore, is expected to become a telecommunications centre in Asia's far-east, connecting the Russian port of Vladivostok and Yambian, an autonomous region of China.

Japan and South Korea are also joining the free trade area. The five nations involved are expected to sign a cooperation agreement in New York shortly.

Quoting a United Nations Development Programme's study, Thongchai [Loxley president] said the investment risk is low, probably 10 per cent, for business ventures in North Korea.

"If China can open up, why not North Korea. Without political interference, the project has potential. But politics might be bad for us," Thongchai noted.

Dhongsai signed the contract with North Korea's Kim Chong U, vice chairman of the State External Economic Affairs Commission and chairman of the Committee for the Promotion of External Economic Cooperation.

Ronald James Savage, a senior executive of Loxley, said the firm was selected because of its "straight-forwardness." He declined to reveal the names of its competitors for the concession.

The Thai company will dispatch a survey team to FETZ by the end of October to develop an investment plan. It expects work to commence next year, Thongchai said.

The company's North Korean counterpart said the free trade zone needs an investment of over US\$500 million for about 400,000 telephone lines. The first stage of project development includes the installation of 15,000 lines for \$35 million. Kim said the trade area is home to about 140,000 residents, but only 2,000 telephones.

Loxley will hold as much as 70 per cent of the joint venture and the rest will be controlled by the North Korean government. No royalty payments are involved and Loxley has the right to extend the contract. Strategic partners might not be necessary, according to Thongchai.

"In fact, strategic partners are not needed. The investment is not too large. We will expand our business the way we have been. That is, not too much too fast," said Thongchai.

"We also expect to conduct other business activities in the country. North Korea has a large reserve of raw materials," Thongchai added.

Editorial Views Telecommunications Development

BK3009111195 Bangkok THE NATION in English
30 Sep 95 p A 4

[Editorial: "NESDB Must Have Moral Courage To Exert Its Views"]

[FBIS Transcribed Text] Foreigners usually do not care much about the coming and going of governments in Thailand. Previous cases of mismanagement and even

military coups are usually seen as having little bearing on the direction of the Thai economy, which so far has been largely influenced by the private sector.

But the situation now is fast changing in a more competitive world. No longer can we afford to be oblivious of what the government is doing. The close to two-decade battle in pushing for a mass transit system in Bangkok is a case in point.

This is why we believe the National Economic and Social Development Board (NESDB) should assert itself, especially with this government where Cabinet ministers have been given absolute freedom to set policies. The country should not be held hostage to political shortcomings. We understand the sensitivity involved but except for planning agencies, no other state organization has a bird's eye view on the policies of each ministry like the NESDB.

It is laudable that the NESDB board discussed a proposal to issue a White Paper to the government warning it of forthcoming pitfalls if certain policies, serving the short-sighted interests of some ministries, are carried out. This White Paper will indeed appeal to the public, and Prime Minister Banhan Sinlapa-acha must utilize the agency more in implementing policy.

Two Different Entities

As it is right now, Banhan seems to be running the country with his blinkers on. Administering Thailand is completely different from running his Suphan Buri constituency. They are two different entities.

Also the management of an open economy with 65 million people in it is no easy matter.

The immediate concerns of the NESDB board are in the areas of telecommunications, information technology and resources management. The board said despite being in office for only a short time, the Banhan government has unveiled policies on several key sectors which could damage the country.

We understand the telecommunications issue is complicated and sensitive to handle. The sector is the responsibility of the Transport and Communications Ministry, which is not controlled by the ruling Chat Thai Party of the prime minister, but the New Aspiration Party under the leadership of Gen Chawalit Yongchaiyut, now defence minister.

Deputy Transport and Communications Minister Sombat Uthaisang (a non-MP under the New Aspiration Party) was a former deputy permanent secretary of this ministry. But he is acting in a manner that displays a complete lack of direction, that we must question his integrity.

First he dropped the telecom master plan, which was worked out by former transport and communications minister Dr Wichit Suraphongchai, based on a model that would guarantee a level playing field; prevent monopolies; and ensure competitive pricing of telecom services to users. Furthermore, that master plan was designed to gear Thai telecom companies to compete on the world market and at the same time strengthen existing state agencies like the Telephone Organization of Thailand and Communications Authority of Thailand, before they are being privatized.

Disregarding Principles

But Sombat has disregarded proper principles that would allow transparency and accountability. He has not opted for a regulatory agency to oversee and ensure a level playing field in telecommunications, but instead allowed private firms to dictate policies and measures. These companies have been allowed to divide the six million private phone lines into geographical zones, thus enabling them to share the pie among themselves.

The writings on the wall are clear. Sombat's zoning concept would create more monopolies, rather than prevent them.

We hope the NESDB will have the moral courage to halt this destructive policy currently being promoted by the Transport and Communications Ministry.

The NESDB board must come up with more public statements, so that Banharn will be forced to acknowledge that the NAP ministers are adopting offtrack policies that would only serve to further ruin the country. There is growing concern that the country's telecom system would eventually end up in the hands of TelecomAsia Corp, United Communication Industry, Chinnawat Computer and Communications Co and Thai Telephone and Telecommunication Co.

In the end it is the consumers who would suffer. The NAP will come and go, but it is the people who would have to live with the mess created by politicians.

Vietnam

Cooperation, Trade With South Korea Lauded

BK0310080295 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 2 Oct 95

[Article by station editor Thanh Hai]

[FBIS Translated Excerpt] [Passage omitted] Vietnam and South Korea are two Asian countries that are geographically close to each other and share many similarities in terms of culture, customs, and historical events. It is also the desire of the two countries to expand their

friendly and cooperative ties on the basis of mutual benefits and to complement each other to serve the cause of national development in each country. The South Korean leaders highly valued Vietnam's renovation policy and the important economic achievements our people have scored in the recent past. They also highly appreciated the foreign policy of openness, multilateralization, and diversification initiated by our party and state to befriend all nations, considering this as a positive contribution to the cause of peace, stability, cooperation, and development in the region and other parts of the world. Particularly, the South Korean side maintained that Vietnam's full ASEAN membership in July this year and the normalization of ties and establishment of diplomatic relations with the United States have laid the foundation for Vietnam to emerge as a major country in Southeast Asia in the 21st century (quote from South Korean Ambassador Kim Pong-kyu's remarks at a meeting with Vietnamese journalists to mark South Korea's 3 October National Day)

We attach due importance to our cooperation with South Korea whose people can be proud of their marvelous economic achievements. We highly value the South Korean Government's efforts to promote Vietnamese-South Korean cooperation. We also note with pleasure that originating from the aspirations of the two sides, Vietnamese-South Korean relations have developed quickly. The two countries did not establish diplomatic relations until the end of 1992. Nonetheless, their trade index has doubled each year. In 1994, it reached \$1.1 billion and during the first six months of this year, it increased by 65 percent compared with the first six months of 1994. South Korean enterprises have invested more and more in Vietnam. By late September, they have more than 120 projects here involving a total investment of \$1.3 billion. It is worth noting that by investing in Vietnam's key industries like metallurgy, car assembly, and electronics, South Korean companies have made realistic contributions to Vietnam's economic growth. Following the visit to South Korea by Prime Minister Vo Van Kiet and the visit to Vietnam by former South Korean Prime Minister Yi Yong-tok, and particularly, following the historic visit to South Korea by General Secretary Do Muoi, bilateral ties have reached a new stage of development.

In marking South Korea's glorious National Day, we warmly congratulate the South Korean people on their achievements and wish them even greater successes in making their noble goals come true. We pledge our determination to do all we can and join hands with the South Korean Government and people in constantly promoting the friendly and cooperative ties between Vietnam and South Korea in the interests of

the two peoples and for the sake of peace, cooperation, development, and stability in the Asia-Pacific region and the rest of the world.

Laos Signs Agreement on Energy Cooperation

BK0110080495 Hanoi VNA in English
1549 GMT 30 Sep 95

[FBIS Transcribed Text] Hanoi VNA September 30 — Vietnam and Laos signed in Vientiane this afternoon a document on broader cooperation in energy from now to the year 2010. This was agreed upon during a six-day visit to Laos from September 26 by Vietnamese Minister of Energy Thai Phung Ne.

Mr Thai Phung Ne, who is also member of the Communist Party Central Committee, and his entourage on Sept. 27 called on Mr Khamphoui Keoboulapha, Politburo member of the Lao People's Revolutionary Party [LPRP] Central Committee, deputy prime minister and chairman of the Lao section to the Vietnam-Laos Joint Committee for Economic, Cultural, Scientific and Technical Cooperation.

The same day, the visiting minister held talks with Lao Minister of Industry and Handicrafts Mr Soulivong Dalavong, who is also member of the LPRP Central Committee.

Parliamentary Committee Hails AIPO Membership

BK0210082895 Hanoi VNA in English
0550 GMT 2 Oct 95

[FBIS Transcribed Text] Hanoi VNA Oct. 2. — The Standing Committee of the Vietnam National Assembly [NA] has applauded Vietnam's admission as the sixth member of the ASEAN Inter-Parliamentary Organization (AIPO) at its Singapore meeting lately.

'Vietnam's AIPO membership will enable Vietnam to continue making contributions to peace, security and cooperation for sustainable and prosperous development in the region as well as in the Asia-Pacific region and the world as a whole', said the NA standing committee at its meeting here from September 26-28.

The meeting highly appreciated the results of visits last month to Indonesia and Singapore by a high-level delegation of the National Assembly led by Chairman Nong Duc Manh.

The committee also noted with satisfaction the comprehensive preparations made by the government, NA relevant committees and offices, all local MPs' groups as well as other concerned agencies and organisations for the successful plenary session of the National Assembly scheduled to begin in Hanoi tomorrow.

Government Warns of 'Scams' by Foreign Firms

BK0310102295 Hanoi VNA in French
1410 GMT 2 Oct 95

[FBIS Translated Text] Hanoi, 2 Sep (VNA) [dateline as received] — Several scams have recently been committed both by Vietnamese and foreigners. Under the guise of international brokerage companies, these people establish contacts with government and local organizations in a bid to swindle them.

Cases have been discovered across the country in which huge loans have been offered at very favorable interest rates for investment in the development of infrastructure, roads, airports, hotels, joint ventures, and so on.

Some of them promise loans varying between \$30 million and \$1 billion — sometimes as much as \$25 billion — for investment projects by creating an L/C [line of credit] mode of transfer through the IMF, the World Bank, and other financial institutions.

Many cases of fraud have been exposed operating under the guise of foreign firms: Germany's Handelsvertretung Reech-HR with an offer of a \$13 billion soft loan, Singapore's Coupex with \$10 billion for 10 years, Australia's Bocy with \$100 million for 10 years, the Swiss Fer Sarl and Taiwanese Huang Neung Industry with \$2 billion each...

The government, well aware of this situation, has notified localities and enterprises to be wary of such scams.

Energy Minister Visits Laos, Meets Vice Premier

BK0210131795 Hanoi Voice of Vietnam in English
1000 GMT 2 Oct 95

[FBIS Transcribed Text] The Vietnamese Minister of Energy Thai Phung Ne paid a working visit to Laos from September 29 to October 1. He was received by the Lao Vice Premier Khamphoui Keoboulapha, president of the Laos-Vietnam Sub-Committee for Economic, Cultural, Scientific, and Technical Cooperation.

Vo Van Kiet Presents Report at National Assembly

BK0310075495 Hanoi Voice of Vietnam Network
in Vietnamese 0500 GMT 3 Oct 95

[FBIS Translated Text] The Ninth National Assembly's eighth session opened at the Ba Dinh conference hall in Hanoi this morning.

Attending the opening session were the CPV Central Committee General Secretary Comrade Do Muoi; state President Le Duc Anh; Prime Minister Vo Van Kiet;

National Assembly Chairman Nong Duc Manh; and party Central Committee advisers Pham Van Dong and Vo Chi Cong.

Before the opening of the Ninth National Assembly's eighth session, the participating deputies laid wreaths at President Ho Chi Minh's mausoleum.

The Ninth National Assembly's eighth session opened at 0830. After the opening speech delivered by National Assembly Chairman Nong Duc Manh, Prime Minister Vo Van Kiet read a government report entitled: Continue the Renovation Process; Step Up the Cause of Comprehensive National Development.

The report contains three parts:

1. Assessment of socioeconomic development in 1995.
2. Socioeconomic development for 1996.
3. Major steps to be taken.

Assessing the socioeconomic development, Prime Minister Vo Van Kiet emphasized: Our people carried out many set tasks in this pivotal year. The GDP growth rate reached 9.5 percent. In agriculture, grain production is likely to reach 28.4 million tonnes. Industrial production rose by 14 percent and direct foreign investment was up by 30 percent over 1994. The value of exports reached \$4.7 billion, a 35-percent increase over 1994. The people's material and spiritual life continues to improve. On the diplomatic front, our country has been widely recognized by the world as a positive factor in regional peace and stability and as a important target in cooperation.

Next, Prime Minister Vo Van Kiet's report pointed out the deficiencies in socioeconomic management to be overcome.

As for the main socioeconomic development tasks for 1996, the government report said: In 1996, we must strive to raise our GDP by between 9.5 to 10 percent, agricultural production by 4.5 percent, and industrial production by 14-15 percent. Investment in development must account for 27 percent of the GDP. Exports must be raised by 25 percent.

After pointing out the advantages and challenges in achieving these targets, the government report presented major approaches to ameliorate the financial and monetary situation, promote the mobilization of all sources from various economic components to increase investment in cultural and social development, improve the social well-being, and step up administrative reform.

We will provide a detailed report on the opening session in this afternoon's 1800 [1100 GMT] newscast.

Banker Views Capital Mobilization

BK0310074895 Hanoi Voice of Vietnam Network
in Vietnamese 1100 GMT 2 Oct 95

[Interview with Nguyen Van De, general director of the Vietnam Foreign Trade Bank by an unidentified station correspondent; place and date not given — recorded]

[FBIS Translated Text] [Correspondent] Sir, the Vietnam Foreign Trade Bank is reported to be one of the four largest state-run commercial banks. After the first eight months of this year, the bank's capital amounted to over 18 billion dong. What steps has the bank taken to mobilize capital at home and abroad?

[Nguyen Van De] Our bank has a relatively diverse capital mobilization policy. Why have we been able to mobilize capital? First, our prestige has helped us gather a large number of domestic and foreign customers. Whenever the bank is mentioned, people know immediately that it is prestigious. Thanks to this, our promissory note-based savings account balance continues to rise and the bank is more stable every passing day. As of August 1995, the total capital of the bank reached 18 trillion dong, a 12-percent increase over the same period last year. Customer deposits increased by 35 percent, promissory notes by 15 percent, while savings rose by 125 percent. Although our savings accounts do not offer higher interest rates than other banks, people continue to deposit their money with the bank because they trust it. Earlier, we did not mobilize liquidity from the people through savings accounts. Though we have just begun to do this, in a very short period we have been able to mobilize one trillion dong. Our foreign currency-based savings account balance has now reached the \$70-80 million level.

In foreign relations, we have negotiated with many foreign banks and have been able to secure short-term dollar loans that will enable our import-oriented financial settlement services to support Vietnamese businessmen. In addition to this, we have also been able to secure medium- and long-term loans from Germany, France, and Belgium. These loans are for the import of goods and equipment from various debtor and Third World countries.

[Correspondent] Our country's exports and imports in the past eight months have been good. In your view, how has the Foreign Trade Bank contributed to this national success?

[Nguyen Van De] We have contributed to this success in two areas. First, we are big loan providers for Vietnamese exporters and importers. It is our bank's longstanding tradition to lend money for import-export services. Our bank loans for exports are quite large, ac-

counting for approximately 30-40 percent of the country's total loans in this area. In addition, thanks to the advantages we have in holding foreign currency, our loans for imports has also been relatively large, normally making up 70-80 percent of the country's total. We have been able to do this because we have the necessary foreign currency and prestige at a time when all foreign creditor countries and enterprises demand loan guarantees from Vietnam. To make a long story short, our prestige has enabled us to directly serve import-export activities. That is the first point. The second is that our prestige has enabled us to monopolize various foreign financial settlement services following our participation in the international financial settlements association. Clearly, the Foreign Trade Bank's position has improved due to our efficient financial settlement services. That is why various enterprises have contacted the bank for the financial settlement of their exports and imports.

[Correspondent] To achieve the target of making the people prosperous and the country strong, it is reported that the Foreign Trade Bank has recently contributed 200 billion dong to the fund to provide low-interest loans to the needy and that the Vietnam State Bank is implementing the prime minister's decision to set up a bank to help the needy. Will the Vietnam State Bank make any financial contributions to this bank?

[Nguyen Van De] Our bank does not do business merely for self-interest. We are also aware that it is our duty to serve national economic development along the socialist path. In this, we must pay specific attention to Vietnam's social policy. That is why our bank has been one of the founders of the fund offering loans to needy farmers. Our contribution accounts for 50 percent of the fund or 200 billion dong. In addition, we have also set aside 300 billion dong as low-interest loans to support the exports of farmers mainly produce such as coffee, rice, and others. As for the government's recent decision to set up a bank to serve the needy, we have become its first founder.

[Correspondent] Since July 1993, the bank has issued Vietnamese currency-based credit cards, the first to do so in Vietnam. Has the bank introduced other kinds of electronic money services to the Vietnamese market since to meet customers needs?

[Nguyen Van De] As for foreign customers, they generally prefer to use credit cards instead of cash when they travel because it is safer and more convenient. To adapt to this, as soon as the U.S. embargo was lifted, the Vietnam Foreign Trade Bank became the first to welcome Visa, Mastercard, and American Express cards. As directed by the State Bank, it is important that we have

organized a financial settlements system to insure fast and efficient money transfers between economic zones and creating the most convenient conditions for depositors and the recipients of money. That is our goal. We do this not for the benefit of depositors only, but to keep idle money in our society flowing to the banks. The more this idle money flows to the banks, the greater the capital of banks. The greater the capital of banks, the more the ability of banks to offer loans.

[Correspondent] Thank you, sir.

PetroVietnam Official Outlines Development Plans

*BK0110081295 Ho Chi Minh City THOI BAO KINH
TE SAIGON in Vietnamese: 7-13 Sep 95 p 7*

[Interview with Professor and Doctor Ho Sy Thoang, General Manager of PetroVietnam Company by Minh Que; place and date not given]

[FBIS Translated Text] [Minh Que] Why did they decide to choose 3 September as the anniversary day for the Vietnamese oil and natural gas sector?

[Ho Sy Thoang] The exploration and search for oil and gas in Vietnam began in the early 1960's with assistance from former USSR specialists. In 1961, the Geologist Group 36 was formed to explore and search for oil and natural gas. At that time, this group belonged to the Geologist General Department. The exploration and search for oil and gas in southern Vietnam started in early 1970s. On 3 September 1975, the Government issued a decree to establish the Vietnamese Oil and Natural Gas General Department. This day is considered the birthday of the Vietnamese oil and gas sector.

[Minh Que] What has the oil and gas sector achieved in the last 20 years?

[Ho Sy Thoang] We have conducted exploration and research on very large areas of land, water, the special economic zone, and in the continental shelf. We have discovered areas with significant reserves of oil and natural gas. Oil production has increased rapidly from 40,000 tonnes in 1986, 1.5 million tonnes in 1989, to 6.9 million tonnes in 1994. Production is predicted to reach 7.7 million tonnes in 1995. At present, crude oil is Vietnam's biggest export commodity.

In the past, the oil and gas sector built up a contingent of more than 10,000 workers, including thousands of overseas-trained engineers, postgraduates, and doctors. They are able to manage any big oil and gas joint venture or offshore oil rig. We have also signed 29 product-sharing contracts with foreign companies.

[Minh Que] How are these contracts executed?

[Ho Sy Thoang] Four contracts have expired because after a period of exploration, investors could not find any wells or found only wells that were not commercially viable. The other 25 contracts with a total investment of nearly \$1.3 billion have been implemented. About 25 percent of exploratory drills have found oil and gas. This rate is relatively high, compared with other areas of the world.

At present, a part of Dai Hung [Big Bear] oil field has been put into production. Its estimated output is one million tonnes of crude oil in 1995. A corporation of Australian, Malaysian, French, and Japanese companies is evaluating the production capacity of this oil field. BP-Statoil (UK-Norway) has discovered a natural gas field with 60 billion of cubic meters of gas. IPL-Hamilton (United States) has discovered an oil and gas field in the southern part of Con Son Island. Its estimated reserves are dozens of millions tonnes of oil and dozens of billions cubic meters of natural gas. JVPC of Japan has also found oil and gas in Lot 15-2. Petronas of Malaysia has discovered oil in Lot 01. Total of France has also found about 10 billion cubic meters of gas reserves in the Gulf of Tonkin.

[Minh Que] What is the plan for oil and gas exploration and exploitation in the coming years?

[Ho Sy Thoang] In the coming years, the Vietnamese oil and gas sector will accelerate exploration in the entire country and continental shelves (including the Red River and Mekong River deltas). It will correctly evaluate our oil and gas potential before outlining directions for the development of our oil and gas industry after the year 2000. We will quickly put discovered oil fields into production to increase annual output to 18-20 million tonnes by the year 2010. We will continue to complete the second stage of the project to bring natural gas inland from the Bach Ho [White Tiger] oil field. At the same time, we will conduct research on strategic planning for oil exploitation to meet local consumption and export.

[Minh Que] When will we have oil refineries?

[Ho Sy Thoang] The plan to build refineries was set up in 1991-92. However, the government office only announced the prime minister's choice of Dung Quat (Quang Ngai) for our first oil refinery on 17 August. The Petro Vietnam and its foreign counterparts such as Total (France) and CIDC and CPC (Taiwan) are urgently completing a feasibility study for the construction of the first refinery with a capacity of 6-6.5 million tonnes per year. We will strive to put this refinery into operation by the year 2000.

At present, there are many foreign companies expressing their interest in cooperating with PetroVietnam to build a second refinery with the same production capacity as the first. We predict that the second refinery will come into existence in only two to three years after the first. Therefore, by the year 2003, our country will have two refineries with total production capacity of 12-13 million tonnes per year.

[Minh Que] What more do we have to do to have a complete oil and gas sector?

[Ho Sy Thoang] We have to build factories to process oil and gas products such as factories to produce engine oil and asphalt and to process petrochemical products of high economic value. The construction of these factories mainly rely on foreign capital investment.

Petro Vietnam is also studying the general plans for natural gas from transportation; liquefaction; processing; distribution to industrial zones, power plants, nitrogenous fertilizer and plastic factories; and public demand.

In addition to that, the oil and gas still have to build service centers for oil and gas, strengthen and develop service organizations, and improve cadre training to meet current and future demands.

The government must also promulgate sub-laws to closely control activities in this area.

National Electricity Grid Extended to Rach Gia

*BK0110075595 Hanoi Voice of Vietnam Network
in Vietnamese 1100 GMT 29 Sep 95*

[FBIS Translated Text] The Vietnam Electricity General Company and the Ministry of Energy has officially allowed the construction of a 220-kilovolt electricity transmission system to increase electricity supply to the western part of southern Vietnam.

The system will start from the 500-kilovolt transmission center in Phu Lam with four main projects including the 220-kilovolt Phu Lam-Cai Lay line, the 220-kilovolt transformer station in Cai Lay, the 220-kilovolt Tra Noc-Rach Gia line, and the 220-kilovolt transformer station in Rach Gia.

Episcopal Council Meets, Elects President

*BK0210152795 Hanoi VNA in English
1503 GMT 2 Oct 95*

[FBIS Transcribed Text] Hanoi VNA Oct. 2 — Cardinal Pham Dinh Tung, archbishop of Hanoi Diocese, has been elected president of the Vietnam Episcopal Council (VEC).

The election was conducted during the seven-day annual meeting and congress of the VEC, which ended here yesterday.

During the meeting, the VEC called at Prime Minister [P.M.] Vo Van Kiet. The Catholic dignitaries congratulated P.M. Kiet on his successes in running the government, thus helping to bring about important achievements in the renovation process. They also expressed the Catholics' desires and proposals relating to religious works.

Talking with the bishops, P.M. Kiet said that he wished the VEC would develop the close ties between the Catholics and non-Catholics in line with the traditional patriotism and solidarity and in spirit of respect for the Constitution and laws. He pledged to consider the bishops' proposals as soon as possible in order to facilitate religious activities.

Regarding the Vatican's appointment of Bishop Huynh Van Nghi as apostolic administrator of the Archbishopric of Ho Chi Minh City, the leader said that the Vietnamese Government does not let Bishop Huynh Van Nghi run religious activities in Ho Chi Minh City, for the appointment is an act of unwillingness, violating the national sovereignty and running counter to the laws of Vietnam.

The new 10-member Executive Board of the VEC today called at the Government Commission for Religious Affairs which (the) dignitaries informed of the results of the meeting.

Ben Tre Fisherman Finds F-105 Remains 95P30166A

[FBIS Editorial Report] The 22 August Hanoi LAO DONG in Vietnamese reported on page 1 that in mid-August, Pham Van Luong, a fisherman from Ben Tre Province found one-third of a downed USAF F-105 while netting codfish in the Ba Dong-Tra Vinh area. The aircraft's remains were recovered and transported to Border Defense Post 594 in Ben Tre.

Luong, the owner of boat BT-4273, is from Hamlet 3, Binh Thang Village, Binh Dai District. While he was fishing at the Ba Dong-Tra Vinh area, his net snagged on an object at 18 fathoms. He then hired a diver who found the airplane's remains.

Severe Violations of Land Law Reported 952E0106A Hanoi NHAN DAN in Vietnamese 11 Aug 95 pp 1, 2

[FBIS Translated Text] I. Lax Arable Land Management and Erroneous Use in Many Localities

To date, the localities have transferred 4.19 million hectares of agricultural land to 7.3 million households and individuals for long-term use. Land ownership certificates to 30 percent of the agricultural land area have been issued to 35 percent of the peasant households. Nationwide, 7.7 percent of the forestry land has been transferred to various organizations and households. Thus, the peasants are very enthusiastic about the 1993 Land Law, and they are taking the initiative in commercial production, exploiting the potential of the arable land, and reaching a higher and higher economic value per hectare of farmland.

However, many worrisome problems have arisen in implementing the Land Law. One of the striking problems is the laxity in managing and making correct use of the arable land in many localities. Nationwide, land administration officials have conducted 300 inspections and discovered almost 40,000 violations of the Land Law. The People's Supreme Organ of Control has monitored the implementation of the Land Law in Ba Ria-Vung Tau Province, Hanoi, and Ho Chi Minh City. These three localities have allowed hundreds of billions of dong to be lost in distributing land and making illegal use of land.

Recently, people and news agencies have mentioned the serious violations made by administrative echelons in Hanoi in managing the land. They have issued land "in violation of the Land Law" and "exceeded their powers in issuing land, with the result that more than 600 billion dong has been lost."

A team of NHAN DAN reporters has studied the land problem in Hanoi and many other localities. From looking at things, what can be affirmed is that almost all the localities, particularly the large cities such as Ho Chi Minh City, Hanoi, Vung Tau, and many provinces, have committed violations in implementing the Land Law. Because of this, we need to examine the arable land issue on a nationwide scale. Because laxity in managing and using the arable land is not confined to a particular locality.

The open land in Hanoi is declining at a time when the population is increasing rapidly and at a time when infrastructural construction and expanding industrial production require much land.

Before the promulgation of the Land Law, in accord with a decision by the Municipal People's Council, Hanoi's solution was to issue land to the organizations, schools, and hospitals and let them worry about building housing for the cadres and employees or issuing land and let the households build their own houses. At that time, many people regarded that as a creative solution. Not only did that reduce the housing shortage,

but it also changed the appearance of the streets with magnificent buildings, which had been just a dream several years ago. Among the targets for issuing land to build houses, the city gave priority to scientific cadres and instructional cadres at the colleges and research institutes. Today, using the Land Law as a basis for examining things, issuing land that way is clearly a violation of the law. This is the case even though the Land Law was promulgated at the end of 1993, and various guidelines on implementing this law were issued during the year following its promulgation. Examining specific cases, it can be seen that Hanoi officials have been lax in managing things. On the other hand, because of being overly indulgent or wanting to "win over" this echelon or that person, they have been too generous in approving the land requests of many central organizations headquartered in the city. For example, one central organization requested 5,000 square meters of land to build villas for five high-level cadres and 40 families of cadres (11 March 1992 decision by the Municipal People's Committee to allocate land). After they were given this land, this organization appropriated 1,000 square meters of land and on its own transferred it to a construction corporation in exchange for carrying out the construction procedures. The remaining land was divided among the 40 households, of which only two had still not been issued housing. Another central organization received 2,614 square meters of land to build 23 apartments in accord with Decision No 1878 of 20 October 1991. Both houses and roads were built on this land. But actually, this organization built only seven apartments on 331 square meters of land. More than 2,000 square meters of this land were transferred to a military enterprise. Many other such cases that have taken place in Hanoi could be mentioned here.

Reviewing the implementation of the Land Law, there is one question about which people have different ideas: Has Hanoi exceeded its authority in transferring land? Many leaders in the city think that the Hanoi Municipal People's Committee has not exceeded its authority, because the decisions to transfer land to various organizations were based on economic and technical arguments approved by the government. What is the truth?

From the investigations conducted, we have found that economic and technical arguments on projects have been approved by the government or ministries. If an area to be used is outside the jurisdiction of the Municipal People's Committee, Hanoi authorities must submit the matter to the government for a specific decision on transferring land. However, in many cases, things have not been done that way in Hanoi. Land transfers that are beyond the jurisdiction of Hanoi

continue to occur at the ward and district levels. What should be noted is that Hanoi continues to transfer land to build houses in prohibited areas such as the Yen Phu dike corridor, and in transferring land, it does not follow state procedures in carrying on capital construction or allocating land to people to build houses.

Just as in Hanoi, in Ho Chi Minh City the local authorities have not maintained the land funds. Because of this, land administration charts have not been prepared and land use plans have not been formulated in accord with the law. At present, there are 6,000 hectares of land belonging to the military and thousands of hectares of land belonging to a number of central organizations in the area, but the Municipal People's Committee has not maintained this land fund. The striking thing in Ho Chi Minh City is that allocating and selling land in order to establish separate funds is quite widespread. In Thu Duc District, many cadres, including leading cadres at the primary level, have allocated and sold land in order to share tens of billions of dong. Leading cadres in Long Truong and Thu Thiem villages have sold land and shared almost a billion dong. In Tan Binh Ward, land and workshops have been sold in order to establish separate funds, and there is a budget deficit of 315 billion dong. Based on initial survey results, the establishment of illegal funds using money obtained from the illegal sale of land in Ho Chi Minh City has been going on for many years, and not just at the district, ward, and village levels. Such laxity in management has resulted in the loss of hundreds of billions of dong for the state budget.

To varying degrees, there have been similar violations of the Land Law in other provinces. In Nghe An, Ha Tinh, Thanh Hoa, Thai Binh, Nam Ha, Quang Binh, Quang Nam-Danang, and Ha Tay provinces and in western Nam Bo, district-level authorities have arbitrarily allowed people to use farm land for other purposes. Such lax management has led to a decline in agricultural land, particularly land for growing rice. Investigating and controlling the implementation of the Land Law are still very weak. Many of the negative phenomena that have arisen concerning arable land have not been dealt with seriously or promptly. Allocating and transferring land beyond one's authority, making improper use of the land, and arbitrarily reducing or not collecting the land use fees in accord with the stipulations has resulted in the state budget losing hundreds of billions of dong.

II. Causes and Solutions

Arable land in our country is a very complex sphere. At the same time, this is a very sensitive issue in social life. The violations of the Land Law in recent years do

not stem only from direct causes having to do with the implementation of the Land Law but also from objective causes of an historical nature. Private ownership of land is mentioned in the 1959 constitution. But in the 1954 land reform movement, we expropriated only farm land, not residential land. To date, land use permits have not yet been issued. In southern Vietnam, during the American-puppet period, there was private ownership of the arable land. The 1980 and 1992 constitutions stated that the arable land belongs to all the people. On the other hand, the 1988 Land Law only authorizes people to use land and transfer assets on the land. It does not authorize people to transfer land ownership. But, the 1992 constitution and the 1993 Land Law state that those using arable land have five rights, one of which is the right to transfer land. As a result, many people think that in form, the land belongs to all the people but that in reality, it belongs to the individual. Besides the historical factors, there are also objective factors. One is the fact that our country's population is growing rapidly, with the result that the need for land for both housing and production is increasing. Another important reason is that ever since the country was established, no administrative echelon has established definitive administrative boundaries. With the guidance of the government, for several years now, some localities have been carrying out this task. To date, only Hanoi and Nam Ha, Ninh Binh, and Thai Binh provinces have completed the surveys, prepared land administration maps for the various echelons, and conducted tests.

In talking about state control concerning the arable land, we must first mention the promulgation of management documents. At the macrocosmic level, we did not promulgate a Land Law until 1988. But documents to concretize that law were not issued promptly and so in 1993 the Land Law was amended. In order to concretize the 1993 Land Law, there are more than 30 issues that need to be dealt with in documents under the law. But promulgating these documents has been carried on very slowly. The law had been in effect for almost a year before a few documents were promulgated. To date, the National Assembly and the Standing Committee of the National Assembly have promulgated five documents, and the government has promulgated 20. We still lack a number of important documents. This is why the Land Law has not been implemented in a synchronized manner and why there are loopholes that people have used to manage and use things in an arbitrary manner. Moreover, the documents under the law that have been promulgated are not in accord with reality and have caused problems when implementing things. For example, the law on the rights and obligations of domestic organizations that have been given land and that have been allowed to lease land and Decree 18/

CP failed to predict everything that would occur in shifting from having the state allocate land to enterprises to having the enterprises lease land. And they failed to generalize the actual situation in life, that is, that there are two forms in the enterprise sector: transferring land and leasing land, of which land transfers are more widespread. And the stipulations in Ministry of Finance Circular 02 of 4 January 1995 on land use revenues are too high. In Ho Chi Minh City, few of the people who have requested land to build houses have been allocated land, because they don't have the capability to pay. There are many cases in which people who have been using residential land without a permit have requested a land use certificate but have failed to carry out the procedures in order to have this recognized. According to statistics, during the period 4 January-17 April 1995, at the municipal level, there were 1,514 households who were allocated land or who were authorized to use land. But only 56 of these households (only slightly more than 3 percent) paid the money and accepted this. In a number of the documents under the law, some of the stipulations are unclear. This has confused the organizations when implementing the documents. There are stipulations that confuse backwardness with reality. For example, Decision 186 sets the price of land too low as compared with the real situation. There also a number of legal stipulations that lack uniformity, which makes it difficult to implement the Land Law. (Articles 2 and 7 of the Law on Foreign Investment in Vietnam are not in conformity with Article 10 of the Law on the Rights and Obligations of Organizations to Which the State Has Issued or Leased Land.)

The management documents issued at the microcosmic level (local level) are based on those issued at the macrocosmic level. Thus, they too are not in accord with reality, and problems have been encountered when implementing them. Some localities issued management documents before the government issued documents concretizing the law. But after the government issued documents, they did not promptly rescind those documents but continued to use them.

In state management, besides the system of management documents, the decisive factor is still the management apparatus and managers. In recent years, little attention has been given to building a land management apparatus with respect to organizing, training, and educating the cadres. The management apparatus is too dispersed. Agricultural land is managed by field management organizations, and urban land is managed by the Housing and Land Service and Construction and Management Service. In some localities, even the head construction office has certain powers in distributing land. Because land management is dispersed, there is a lack of clarity

in determining the functions and powers of these organizations, with the result that organizations want to have many rights in distributing land to others. Some people at the above organizations even "point the way" or create a "service line" for units, individuals, and organizations that want land and that want to use the loopholes in the law to obtain more land than they really need. Those organizations and units must set aside a portion of the land for "diplomacy."

As for direct causes, the people's committees in many localities have not given much attention to state management concerning the arable land. When transferring land, they have lacked responsibility in studying the files. This has led to many violations, such as determining the land transfer targets incorrectly and, in setting boundaries, failing to monitor the land use process and process of issuing construction permits. Official letters of response are written instead of issuing a decision on transferring land (Hanoi). Some localities have been slow in dealing with cases in which land has been improperly distributed, and they lack responsibility in controlling the units that have been issued land to ensure that they fulfill their obligations to the state.

Those cadres with the power to promulgate decisions on distributing land have committed violations, too. They have distributed land in excess of their authority (either intentionally or unintentionally), they have lacked a sense of responsibility, and they have acted in a bureaucratic manner. There have also been cases of "diplomatic" land being accepted in the name of another person in order to conceal things. Such things set a bad example for others.

Besides state managers, those who use land have violated the Land Law, too. As for the consequences of these violations, it's difficult to determine who has suffered the most. In Hanoi, there have been many cases in which organizations have requested land to build housing for cadres and employees. But they have asked for more land than they really need. Internally, there have been many negative phenomena: buying and selling to make a profit, people being allocated land many times, and failing to fulfill one's obligation to the state (a number of units subordinate to the National Technology Institute). In order to request land to build housing for their cadres and employees, some organizations, including central organizations, have had to give up 20 percent of the land requested and pay to have people carry out the land request procedures.

The violations of the Land Law are very serious. Re-establishing order in this sphere must be carried on from many angles. First of all, the organizations with jurisdiction must promulgate guidelines to ensure that

the law is implemented in a synchronized way. On the other hand, with respect to the documents already issued, if it is found that stipulations are unsuitable, backward, and contradictory, they must be rescinded or promptly amended. A rather important solution that we have long neglected is to explain the laws and orders. Because the organizations with jurisdiction have failed to provide an orthodox explanation, those implementing the law sometimes have different views on the intentions of those who framed the law, with the result that stipulations are applied differently in different places. (This is the function of the Standing Committee of the National Assembly.) Once there is a complete system of guiding documents, in dealing with the arable land problems that have arisen, attention must be given to the historical problems in order to solve the problems in a reasonable manner. That is the only way to stabilize the situation.

In managing things, the echelons and functional sectors must strengthen investigations, monitor the implementation of the Land Law, especially in transferring land and issuing land use certificates, and monitor land use, particularly the transfer of arable land. If a violation is discovered, the matter must be examined and dealt with promptly. It must not be allowed to drag on and on, which could create doubts among the people.

An important and urgent measure of state management of the arable land is issuing land use certificates. This is also something that will satisfy the wishes of the people, particularly the peasants, because this will affirm their right to use the land distributed by the state. On the other hand, before land use certificates are issued, there must be concrete measures to control the changing situation regarding arable land in the sphere of transferring land use rights.

In order to manage the arable land, all echelons must formulate land distribution and land use plans. This means that the localities must quickly finish making maps showing the administrative boundaries, strengthen the management apparatus, and concentrate on a center.

There is one very important solution to which the localities have not given much attention: strengthening the leadership of the party committee echelons in state management of the arable land and improving the cadres' and party members' concept of respect for the law so that they set an example for the people.

Violations of Circular on Hanoi Dike Discussed

953E0018E Hanoi TAP CHI CONG SAN
in Vietnamese Jul 95 No 7, pp 36-39

[Interview with Luong Ngoc Cu, vice chairman of the Hanoi Municipal People's Committee by Le Xuan Dinh and Nguyen Vu Binh; place and date not given]

[FBIS Translated Text] Note from the editorial staff: Implementing the decision by the premier, recently, stage-1 prosecutions of violations of the Dike Law along the Yen Phu-Nhat Tan section in Hanoi have been carried on resolutely and effectively. Many people are in agreement with this. In order to learn the lessons to guide carrying out things in the coming stages, TAP CHI CONG SAN reporters interviewed Luong Ngoc Cu, the vice chairman of the Hanoi Municipal People's Committee, about this. The following are a number of questions and answers.

[Dinh/Binh] In addition to the information provided by the mass means of communication concerning violations of the Dike Law in Yen Phu-Nhat Tan, can you give us any additional information?

[Cu] First of all, I must say that Red River dikes have existed since the time of the Ly dynasty. The fact that we have these dikes today is the result of the sweat and labor of countless generations, which have repaired and expanded the dikes from the upper to the lower reaches of the Red River. The most important position is the dike section that protects urban Hanoi, the economic, political, cultural, and scientific center of the country. This section stretches for 8.2 km along the southern bank of the Red River. This section of the dike is regarded as the "high-level" dike section. The special characteristic of this section of the dike is that the dike serves as a communications route through a number of crowded population centers. Thus, people use this communications route on the dike as a place to trade and provide services. Since we switched to a market mechanism, the country has prospered and the pace of urbanization has quickened. But along with the positive results achieved, there have also been negative aspects. Various violations of dike safety have occurred. Earth from the base of dike has been used to make bricks and to lay foundations. The farming area has been expanded to the base and top of the dike. Huts have been erected and materials for sale have been left on the dike. Houses and commercial buildings have been built along and atop the dike. Garbage has been dumped, wells have been dug, and ponds have been dug near the base of the dike. In 1993 and 1994 alone, there were 1,974 cases involving illegal structures that had to be torn down. That included 1,123 huts and 516 houses. Particularly serious are construction violations along the

Yen Phu, Quang An, Tu Lien, and Nhat Tan dike section (which is called the Yen Phu-Nhat Tan section for short). Ever since the Ho Tay [Western Lake] area was designated as a tourist-services zone, there has been a great increase in trade, the transfer of land and buildings, and the construction of houses. Along this section of the dike, which stretches for about 4.2 km, there are 883 buildings located within the dike protective corridor. Of these, there are 46 buildings 4-6 stories in height, 232 two-story buildings, and 543 one-story buildings and grade-4 houses. One-third of these buildings were built after the Council of Ministers (now the government) promulgated the Dike Law on 16 November 1989. It should also be said that a number of cracks have been discovered recently along this important section of the dike. There are cracks in a number of the buildings and in the adjoining sections between buildings. Some of the cracks extend to the surface of the dike. A number of the cracks run along the asphalt road surface from K62+680 to K62+880. Survey results indicate that many of the cracks along this section of the dike have not necessarily been caused by the construction of buildings. We are continuing to study this in order to clarify the reasons so that steps can be taken to protect the dike. But it must also be said that along the Yen Phu-Nhat Tan section, the top of the dike has been almost entirely occupied by secondary elements of buildings. And the frames and main load-bearing elements of the buildings are located very near the base of the dike, sometimes even encroaching 0.5-1.5 meters into the base of the dike. It was discovered that four wells had been dug within the protective corridor of the dike on the river side. Protecting the dikes, particularly key dikes such as the Red River dike, is not as easy as some people think. Concerning technical principles, to protect the dikes, inspections must be made on a regular basis. Thus, the body and top of the dike and the protective corridor must be freed. People must not be allowed to keep things there, because that makes it difficult to monitor things in accord with the stipulations in the Dike Law and Council of Ministers Decree No 429/HDBT of 15 December 1990 on implementing the Dike Law. Together with the Ministry of Water Conservancy, we have taken urgent steps to deal with the technical aspects and complete things before the start of the 1995 rainy season. The target is to restore the top and minimum open space to the dike, continue making inspections, and deal promptly with its defects. To date, projects have gotten underway, and construction is being carried on urgently. Construction is on schedule and techniques are being adhered to.

[Dinh/Binh] As you have said, there have been many violations of the Dike Law in Hanoi, and many cases have been prosecuted. Why is this still a problem, and

why has there been a lack of resolve, which has led to serious violations along the Yen Phu-Nhat Tan section of the dike? Billions of dong have been wasted because of having to tear down houses located in the protective corridor and because of having to repair the dike.

[Cu] Frankly, specific cases have shown that the administrative apparatus is still very ineffective. For example, dike management cadres simply stop at writing memorandums on violations and sending reports to the authorities to let them handle matters. In some cases, three-four memorandums have been sent to violators asking them to stop, but construction has continued. In seven cases, people started construction without permission, but they were allowed to proceed with the construction because the local authorities or building inspectors simply fined them but allowed them to continue construction. In Ba Dinh Ward, there have been 50 cases in which people have been ordered to tear down the buildings, but that has not been done. A number of other households used permits to repair single-story buildings to build multistory buildings, but prompt action was not been taken to stop them. Even after this was discovered, they were dealt with lightly using administrative measures, and the buildings are still there.

Much more serious is the lack of coordination and unity within the administrative apparatus. I am not exaggerating. This is evident in the lack of unity and resolve between higher and lower echelons and among cadres with related functions in prosecuting violations. An example is the case involving the three-story house of Mr. Nguyen located at 30-32 Nghi Tam. The urban dike control unit sent him four letters asking him to stop work and tear down the building. The Ba Dinh Ward People's Committee issued Decision 1229/QDUB on 21 November 1990 to no avail. The municipal people's committee issued Notice 09/TBUB on 30 January 1992 affirming that Decision 1229/QBUB issued by Ba Dinh Ward was in accord with the law but this notice was not implemented. Representatives from the People's Aspirations Department of the National Assembly gave speeches on 16 July 1991 at a meeting of the municipal people's committee, saying (let me cite the original text): "Do not destroy the house of Mr. Phuong and [buildings] in similar cases in this zone. Give administrative punishment and allow the projects to survive and be used...." There are many other examples. In Plan 597/KHUB dated 21 March 1995 formulated by the Hanoi Municipal People's Committee to implement Decision 158/TTg of 16 March 1995 of the premier, we have analyzed the reasons, clearly determined the responsibilities of each echelon, sector, and individual and of each household that commits a violation.

[Dinh/Binh] Could you be more specific about the reasons for violating the Dike Law along the Yen Phu-Nhat Tan section?

[Cu] In order to find out why people are violating the Dike Law along this section of the dike, we discussed things many times, because only by determining the real reasons could we deal with the matter in a reasonable manner and uphold the laws of the state.

As for objective reasons, we must talk about the history of this population zone. Prior to 1963, before the Dike Law was promulgated, this was a rural area, and the people living here lived near the base of the dike. Beginning in 1976, the dike was expanded and communications routes were built. As a result, the number of houses located within the dike protective corridor based on the Dike Law increased. Many of the houses needed to be repaired, improved, or expanded because they had been in use for a long time or because the number of people in the family had increased. And at that time, the state had not yet allotted funds to move these households out of the protective corridor. Along with this historical situation, there was rapid urbanization. Also, this area had commercial travel and service potential. Because of this, people occupied the land and bought up the houses and started commercial activities to make a profit. This made the situation even worse.

As for subjective reasons, the laxity, right-wing deviations, and lack of coordination and cooperation started from the individuals and organizations implementing the law. The ward, district, subward, and village people's committees and the sectors did not take serious steps to implement the city's documents and directives on enforcing the Dike Law, and the city did not closely supervise the implementation of this law. Because of this, when it was necessary to have a unified viewpoint in order to handle things promptly, there were many different ideas and plans. This caused confusion and delays and dispersed the forces in managing and enforcing the law. In short, state management effectiveness was poor. On one hand, this stemmed from the degeneracy of a number of cadres, who, for money, disregarded the laws and intentionally built things to make a profit. On the other hand, the operating mechanism of the administrative apparatus was weak and had many "loopholes" that could be used. Functions were skewed, with cadres having rights but no power. As a result, things were usually done slowly. Bureaucratism and laxity in management were two aspects of the same disease—slighting discipline and the law. The reason why the administrative apparatus was ineffective, with the result that minor unresolved issues turned into major violations, is that we did not act resolutely from the very beginning.

[Dinh/Binh] From what we understand, the work of rebuilding the body and top of the dike and the dike corridor along the Yen Phu-Nhat Tan section is being carried on urgently, and construction is on schedule. The Hanoi Municipal People's Committee is dealing with things in a serious manner. In your view, what lessons should be drawn from this?

[Cu] During an on-the-spot inspection on 9 April 1995, the premier said that Hanoi must strive to do an even better job in implementing Decision 158/TTg in order to maintain dike safety during the 1995 rainy season and reestablish social discipline in the capital. I think that violations of the Dike Law here have had a great influence. Because of this, the following lessons must be drawn from dealing with these things, particularly during the country's present development trend.

First, order and discipline must be maintained strictly from top to bottom. Those who must understand and adhere to the positions, policies, and laws are the ranks of civil servants holding various positions in the administrative apparatus. The manner in which cases have been dealt with recently shows that many cadres know what should be done, but, showing right-wing deviations, they have failed to do things. And among administrative echelons there is a difference of opinion on how to handle violations. Thus, even though we have strict laws, the administrative apparatus has not acted resolutely, and that is the same as not having any laws. Even worse are the violations that occur within the organizations responsible for enforcing the laws. As a result, the people, as reality along the Yen Phu-Nhat Tan dike section shows, are involved in things as both culprits and victims. But now that Decision 158/TTg has been promulgated, all echelons must focus on carrying out the orders of the government. And even though they may have had many different ideas, they must all carry out those orders strictly. If someone does not want to do so, has different ideas, or wavers, he should step aside. And as we have seen, Hanoi has dealt with this complex matter in a very efficient manner. Many of the owners of the buildings located in the dike protective corridor hated to lose their money and property and expressed opposition. But after the consequences of the violations were clearly explained to them and resolute action was taken from top to bottom in implementing the laws, all of the illegal buildings had to be removed in total or in part. And this was done voluntarily at the proper time. In my view, once a law has been promulgated, no exceptions can be made regardless of the position held by someone. That is the nature of the socialist law-governed state that we are building.

Second, to increase the effectiveness of the state administrative and management system, there must be a

mechanism to enable all administrative echelons to focus on the same thing and have the same interests at heart, that is, the interests of the country, nation, and people. The reason I mention this is that recently, there has been a lack of coordination and cooperation. At times, it has been a matter of "each one playing his own instrument." But the premier's directive has created close coordination and unity from the central echelon to the city, wards, district, subwards, and villages and from the party to the masses. All of these things have contributed greatly to achieving success in dealing with things and rejecting the psychology of waiting, doing things halfway, and relying on others. The greatest achievement is that even though they have suffered serious losses, those households that were committing violations are now in compliance and they don't dare break the law or oppose those who are carrying out their public functions.

Third, there are lessons concerning organizing things and clearly defining the responsibilities of each echelon, sector, and individual. A guidance committee was quickly established, with the chairman of the Hanoi Municipal People's Committee serving as chairman. It determines what needs to be done, stipulates concrete steps to deal with matters, assigns forces, and assigns responsibilities to each echelon, sector, and individual. It can be said that a mechanism to maintain unity of interests requires good organization, caution, and close attention to the factors. The violators must be classified in a detailed manner in order to have appropriate and efficient policies. Besides this, the key elements must be selected in order to deal with them first. For us, in the past period, the key element has been cadres. After clarifying the concepts, arranging the cadre forces, clearly defining the responsibilities and powers of each element and individual, the "apparatus" began functioning. Wherever difficulties have been encountered, we have promptly gained experience and immediately made adjustments there. Once there are clear, rational, and fair policies that have been disseminated widely so that everyone understands them, implementing the policies will be carried out more resolutely and strictly. All of the things that I have just discussed are important factors that will enable the plans of the municipal people's committee to be implemented well in the proper manner.

Fourth, we must mobilize the integrated strength and coordinate the propaganda, mobilization, and education measures and the administrative and economic measures. Because of the seriousness of this, the Ideology and Culture Department of the Central Committee, the Standing Committee of the Municipal CPV Committee, the municipal people's council, and the municipal people's committee have joined forces in guiding things to

ensure that information about this is provided on all the mass information systems. This has contributed to helping Hanoi implement Decision 158/TTg. At the same time, this is a measure for explaining things and for mobilizing and educating people and has enabled the households concerned to understand the seriousness of the violations, the compensation policy, and the system of administrative and economic rewards and punishments. As for the first stage, demolishing the buildings and carrying out the projects within the marked boundaries, all of the households have demolished the houses. It has not been necessary to use force. Today, each cadre, party member, and citizen concerned clearly understands his mistakes and responsibilities. Because of this, they are self-consciously carrying out the laws. As for the criminal and civil responsibilities of a number of individuals, the internal affairs organizations are completing their files in order to prosecute them.

Renovation at State Enterprises Discussed

953E0020B Hanoi TAP CHI CONG SAN
in Vietnamese Jul 95 No 8, pp 27-31

[Article by Le Hong Tien, M.A. in economics, National Institute of Politics in Ho Chi Minh City]

[FBIS Translated Text] For many years now, the party and state have concentrated their efforts and promulgated policies and measures to renovate the state enterprises. The sectors, spheres, and state enterprises have developed, carried on things actively, and achieved initial results.

The basic guideline for renovating the state enterprises is to enable the state enterprises to operate efficiently and play a guiding role in the economy. In accord with this guideline and based on efficiency, the government has implemented effective concrete policies and measures to accelerate the renovation of the state enterprises. Decree 388 promulgated by the Council of Ministers (now the government) on 20 November 1991 quickly changed the state enterprise system. There used to be more than 12,000 state enterprises in the country; now there are fewer than 7,000. The remaining ones (more than 5,000) did not have the conditions to operate as state enterprises.

For these 5,000 state enterprises, the government has issued strong policies and measures, such as carrying on pluralization, changing the form of ownership from state ownership by issuing shares, selling state enterprises to people in the private sector, operating limited corporations as joint state-private ventures, and disbanding state enterprises. This is a process of reducing the number and narrowing the scope of operations of inefficient state enterprises. But this process has been proceeding

very slowly, and many difficulties have been encountered. Issuing shares has been done on a trial basis at 17 registered state enterprises during the past 2 year, but only 2 of the enterprises have actually implemented this. Almost no large state enterprises have been sold to people in the private sector. There are few joint public-private enterprises, and the ones that do exist are not very large. No state enterprises have been disbanded, because we do not yet have a bankruptcy law. A rather large number of state enterprises still face the threat of being disbanded.

As for the 7,000 state enterprises that are still in operation, several years after switching to the new mechanism, they have improved in terms of quality and made an important contribution to the rather high rate of industrial development (13 percent a year). This is particularly true in the central state enterprise sector. A number of enterprises are producing export products that can compete with foreign products. Some enterprises have expanded well and made really effective changes. But in general, operating results in the state enterprise sector are still poor. In many cases, they are inferior to other economic elements. Of the 7,000 state enterprises still in operation, more than 25 percent are operating at a loss and their long-term debts total tens of billions of dong. Tens of trillions of dong in bank credits are tied up in state enterprises that are in danger of being disbanded. According to figures of the Ministry of Finance, in 1993, of the 6,500 state enterprises issued operating permits, 20 percent are operating at a loss. This means that we must continue renovating the state enterprises and find an efficient management model for the state enterprises in accord with the market mechanism in order to increase productivity and improve quality and results.

To renovate the state enterprises in the present conditions, two processes must be carried on simultaneously:

We must continue to reduce the number of state enterprises.

We must find and use a suitable and effective model for managing the state enterprises.

There are still many different ideas concerning this issue. Here, I would like to present a few of my ideas.

I think that these two processes are both mutually exclusive and unified. Their opposite nature is manifested in each process. On one hand, this is a process of eliminating or reducing the number of unnecessary state enterprises. On the other hand, this is a process of increasing their vitality and finding ways to maintain the state enterprises in the spheres and sectors necessary to

the national economy. But these two processes are unified in the sense that they are aimed at the same target, which is to enable the state enterprises to develop more effectively.

1. The process of reducing the number of state enterprises does not mean abolishing state enterprises. Rather, this is a process of reducing the number of non-essential state enterprises and limiting the growth of ineffective state enterprises so that we can concentrate our human and material power on expanding the profitable state enterprises. This must be carried on urgently, firmly, and carefully. In my view, in the present stage, efforts must be concentrated on building state enterprises in such sectors and spheres as the economic and social infrastructure sphere, the finance and banking system, the insurance sector, and a number of key production and services installations in order to ensure that the entire economy grows well. This does not exclude the participation of other economic elements with

different forms and to different degrees. Based on this requirement, we must both reduce the number of enterprises that do not have to be maintained as state enterprises and also solidify, expand, and build essential enterprises. In agriculture-forestry-pisciculture, state enterprises have been solidified and expanded by having them forge links with and cooperate with other types of enterprises in order to have them play a role as industrial and services (particularly processing services) centers, scientific and technical centers, and cultural and social centers in each locality. In commerce, the state commercial system has been reorganized and strengthened primarily in such spheres as importing and exporting essential materials, trading, and maintaining the necessary share in retail sales.

In order to reduce the number of state enterprises in a reasonable manner, the state enterprises must be classified, with the results achieved used as a yardstick. State enterprises can be classified as follows:

Order	Type of State Enterprise	Really Necessary to the Economy	Not Really Necessary
1	Profitable	A	B
2	Not profitable	C	D
	a)Not profitable but perhaps can grow	E	F
	b)Not profitable and no potential for growth	H	K

In the table, enterprises that are really necessary to the economy (A and C) (or A, E, and H) are enterprises that must be maintained as state enterprises (regardless of whether they are profitable or not). Reducing the number of state enterprises can take place only among those that are not really necessary to the economy (B and D) (or B, F, and K).

The government has discussed the issue of reducing the number of state enterprises many times and concluded: Those state enterprises that have been turned into public enterprises are making a profit (B). Those enterprises that are not making a profit (D) have been divided into two categories: In the case of state enterprises that are not making a profit but that can perhaps grow (F), the state has implemented support measures such as extending variable loans at a favorable rate of interest, implementing price support policies, and so on. As for the remaining enterprises, which are not profitable and which have no potential for growth (K), they should be disbanded.

Disbanding state enterprises in accord with the bankruptcy law, selling state enterprises, and forming joint state-private ventures must be carried on in accord with state regulations. Here, I would like to discuss the matter of selling shares in state enterprises. This must be carried on carefully using different forms and different degrees:

In selling shares in state enterprises, the state must own a controlling number of shares.

A percentage of the shares must be sold to the workers and civil servants who work at the enterprises.

Tests should be conducted in selling shares in a number of state enterprises to organizations and individuals outside the enterprises.

Based on selling shares, a management council must be established. This council should consist of representatives of state owners, enterprise worker and civil servant owners, and other owners having shares in the enterprise. Rules and standards should be formulated so that the management council can select a managing director.

2. The process of finding and applying a suitable and effective management model: This is a process of renovating the organization and management mechanisms of enterprises in a rational way in accord with the new management mechanisms and ensuring the commercial independence of the state enterprises in a state-controlled market mechanism.

This process requires that decisions be made about which enterprises are really essential, that is, they can play a guiding role in the economy, open up a path and help the other economic elements to grow, stimulate rapid and long-term growth in the economy, and serve as a powerful material tool to enable the state to regulate and guide a socialist-oriented market economy. The state will maintain these enterprises and invest as much capital as is permitted by law. In the past, many state enterprises operated at a loss and wasted much money. The reason for this is that no one was directly responsible for the state assets and no one stood to gain from making effective use of those assets. There was no real incentive for the workers and civil servants to be concerned about the growth of the enterprise. The enterprises did not have material rights or a strong enough organization to participate in formulating work policies, stop corruption at its source, and prevent the loss and destruction of public property.

In order to overcome this situation, Council of Ministers Decision 217 issued on 14 November 1987 signified a notable change in the state enterprise management mechanism. Based on that, state enterprise renovation was carried on in accord with the guideline of elevating the collective ownership role of the laborers in the enterprise, expanding the rights and responsibilities of the directors, and implementing party leadership in the enterprises. But at present, the power of the laborers exists in form only; real power is wielded by the directors. However, the directors of many enterprises still say that they do not have any real independence and that they are still restricted by the ministries and management echelons. On the other hand, there are still cases in which there are no owners. The management role of the owners has not been manifested, and directors have invested hundreds of billions of dong in risky ventures. Party leadership in the enterprises is not unified or effective. Because of this, we must continue renovating the state enterprises. Council of Ministers Decision 143 of 10 May 1990 provided means for transforming state enterprise management by implementing a management system based on the stipulations of the management council. This solution can rationally resolve the relationship between the functions, powers, interests, and ownership rights of the state and the commercial independence of the enterprise

directors and the rights and interests of the laborers at the enterprises. Management based on the stipulations of the management council does not mean selling shares or pluralizing state ownership. Rather, this means taking steps to enable the state, as the sole owner (100 percent state capital), to make effective use of the management powers, the obvious powers of an owner: the power to nominate a management council and director, the power to make decisions about the development strategy and the commercial production plans of the enterprise, and the power to control and inspect commercial production operations at the enterprise. At the same time, this is also aimed at manifesting the initiative and independence of the laborers in commercial production activities and ensuring their legitimate interests. Based on this spirit, we are doing the following:

Studying, testing, and gradually applying profit sharing in the state enterprises (sharing profits after deducting taxes and setting aside funds for the production accumulation and social welfare fund) based on the basic wages of the workers and civil servants working at the enterprise.

Perfecting and broadly applying contract forms in the state enterprises.

Gradually eliminating (after conducting tests) ministry management mechanisms and administrative echelons and the distinction between central and local enterprises.

In my view, in switching to a management system based on management council regulations, we should conduct tests and draw conclusions in order to "work out the bugs" first. A special characteristic of management based on management council regulations is manifested in the management power of the state as the owner. In order to manifest this management power, some people conceive of the management councils as organizations that are under the leadership of directly-higher management organizations and financial organizations and that have been authorized by these organizations to manage the enterprises on behalf of the state. Thus, the heads of the management councils must be representatives of the directly-higher management organizations (managing ministries), and the deputy heads must be representatives of financial organizations and must be appointed by the financial organizations. (Using the Malaysian model, the heads of the management councils are representatives of the financial organizations, and the deputy heads are representatives of the management organizations.)

Thus, the heads and deputy heads of the management councils all belong to state economic management organizations (management ministries, Ministry of Finance).

This could easily lead to confusion between state economic management and commercial production management. This is because people from the state economic management organizations who are responsible for performing state economic management functions will also be serving as heads and deputy heads of the management councils and making decisions on matters concerning the commercial production management of the enterprises. They will, for example, be involved in making decisions concerning development strategies, the long-term and annual production plans of the enterprises, the distribution of the net profit, plans on establishing and using enterprise funds, and so on. Actually, these decisions should be made by the top commercial production management organization at the enterprise. This is the jurisdiction of the board of directors in a share corporation and of the congress of workers and civil servants in a state enterprise (according to previous viewpoints). Thus, state economic management is interfering too much in commercial production management. Here, it should be pointed out that the state as owner is a very abstract idea. The heads and deputy heads of the management councils are just representatives of the state economic management organizations. They, like the other members of the management councils, are just salaried employees. They are not the real owners. Naturally, they will own some of the assets that the state has entrusted to the state enterprise that they are managing through the management council. In this sense, they are actual owners just like other shareholders in the state enterprises. Similarly, the cadres and workers at an enterprise are real owners, because they, too, are shareholders in the enterprise. In these conditions, the state should not entrust all power to the management councils as representatives of the owner (the state) and ignore the role of the laborers in the enterprise.

In managing the state enterprises based on the regulations of the management councils, attention needs to be given to three problems:

1. State economic control must not be confused with commercial production management when assigning functions and tasks to enterprise management councils and directors and allowing laborers at the enterprises to participate in management. In today's conditions, it has been stipulated that one-half of the members of the management council must be people from outside the enterprise and that the head and deputy head of the council must be representatives of directly-higher statement management organizations and manage the enterprise on behalf of the state, the owner. In these conditions, the management councils should focus on carrying out their state economic management functions at the enterprises. The directors and laborers should

be allowed to carry out the commercial production functions so that they can participate in managing things in the form of worker-civil servant congresses.

2. The management councils should not be given excessive attention, and they should not be given all power to manage the enterprises.

3. The role of the laborers in the enterprises must not be ignored. As shareholders in the enterprises, to a certain degree, they, too, are owners. Thus, as owners, they have certain rights in managing things.

Concerning these issues, I would like to make a number of suggestions concerning management council regulations and state enterprise director regulations:

State enterprise management councils should have the following tasks and powers:

To make decisions concerning the economic and social development strategy and long-term plans of the enterprise submitted by the director.

To guide the enterprise director in formulating the annual commercial production plans, capital and asset use plans, and intensive and expanded investment plans, preparing the annual financial statements, distributing the net profit, and formulating plans for establishing and using enterprise funds for adoption by the worker-civil servant congress and approval by the management council.

To control the implementation of the procedures, policies, and resolutions of the management council.

State enterprise directors should have the following rights and responsibilities:

To directly receive capital and assets, organize the management and use of the capital and assets provided, and safeguard and increase the capital provided by the state.

To formulate the economic and social development strategy and long-term plan of the enterprise for adoption by the worker-civil servant congress and approval by the management council.

To formulate annual commercial production plans, capital and asset use plans, and investment plans, prepare the annual financial statements, formulate plans for distributing the net profit, and formulate plans for establishing and using funds for adoption by the worker-civil servant congress and approval by the management council.

To organize and manage the implementation of the commercial production plans and manage the enterprise apparatus.

To strictly implement the resolutions of the party, laws of the state, and resolutions of the management council.

S. Pacific Forum Suspends Dialogue With France*BK0310022495 Melbourne Radio Australia
in English 0000 GMT 3 Oct 95*

[FBIS Transcribed Text] The 16 members of the South Pacific Forum have announced they have suspended dialogue with Paris in a gesture to express outrage over France's second nuclear test in the region. The chairman of the forum, Sir Julius Chan, has announced the decision at the United Nations in New York. France, until now, has been a dialogue partner of the forum — a group of 14 island countries plus Australia and New Zealand — that met to discuss regional issues. Sir Julius, who is also prime minister of Papua New Guinea, said discussions with Paris have been suspended immediately.

[Begin Chan recording] I have today announced to the General Assembly of the UN that the forum will immediately suspend the postponed dialogue with France. I can sense that individual countries will begin to deal with their bilateral relations with France and that will probably have an effect on, probably on trade and other areas of cooperation with France. But generally speaking in terms of the forum itself, at the main body post forum dialogue, it begins with the suspension of that dialogue and naturally I expect the flow-on will be between individual countries and France. [end recording]

Australia's foreign minister, Gareth Evans, has also addressed the United Nations General Assembly calling on the international community to maintain the momentum of disarmament. Our New York correspondent, Philip Lasker, reports:

[Begin Lasker recording] Senator Evans strongly deplored the nuclear tests carried out by both France and China, claiming the two nuclear powers were going against the tide of international opinion. He says work on a comprehensive test ban treaty must be brought to a conclusion in the first half of next year and a regime should be put in place requiring all states to account for their present stocks of fissile materials.

The minister also addressed the United Nations financial crisis claiming it was time to reconsider alternative ways of funding the bankrupt organization such as through a levy on international transactions or air travel. [end recording]

Forum Chairman Comments*LD0310094895 Melbourne Radio Australia
in English 0800 GMT 3 Oct 95*

[FBIS Transcribed Text] Papua New Guinea's prime minister, Sir Julius Chan, says more countries may sever diplomatic ties with France in protest over its nuclear

tests in the South Pacific. Sir Julius made the remark as chairman of the main political group in the region, the 16-member South Pacific Forum. In an interview with Radio Australia's Ellen Fanning, he said Papua New Guinea could be one of the countries joining Kiribati and Nauru in suspending relations with France:

[Begin recording] [Chan] As a forum, we do not dictate someone's country's foreign policy, but naturally I would expect some severance of relations with France.

[Fanning] And would Papua New Guinea ever sever relations with France?

[Chan] We will look at the areas very selectively and we would also be guided by the general consensus of the Forum members. [end recording]

The French ambassador to Papua New Guinea was summoned to the Foreign Secretary's Office in Port Moresby today and told relations were at breaking point. But, as Sean Dorney reports, the opposition leader in Papua New Guinea says Sir Julius Chan's threat that Papua New Guinea may consider cutting off relations with France is not good enough — he should do it.

[Dorney] Papua New Guinea's opposition leader, Roy Yaki, has been critical of what he regards as Sir Julius Chan's softness on the issue of French nuclear testing. After the first test, he called for stronger retaliation than a mere protest and now he is demanding a complete break with France, a country which, he claims, is living in times past, displaying colonial and barbaric behavior.

[This is] Sean Dorney, Port Moresby.

Seven-Nation Naval Exercise Under Way*LD0310103595 Melbourne Radio Australia
in English 0900 GMT 3 Oct 95*

[FBIS Transcribed Text] A seven-nation maritime exercise is under way in Solomon Islands. Naval patrol boats from Fiji, Vanuatu, Tonga, Western Samoa, the Marshall Islands, Australia, and Solomon Islands are taking part in the exercise. It is to be conducted over three days in the area off Honiara known as Iron Bottom Sound, which is littered with sunken warships from the Second World War Solomons campaign.

The Solomon Islands police commissioner, Frederick Soaki, says the aim of the exercise is to develop the knowledge and operational skills of the forces involved. These include seamanship, ship-to-air reporting, command and control, search and rescue, coordinating surveillance, and boarding technique.

Australia

Keating: France 'Selfish' To Continue Testing

LD0310074295 Melbourne Radio Australia
in English 0700 GMT 3 Oct 95

[FBIS Transcribed Text] Australia's Prime Minister Paul Keating has welcomed France's suspension as a dialogue partner with the South Pacific Forum. Mr. Keating says France has been thoughtless and selfish to continue with its nuclear testing program.

[Begin Keating recording] Well, I was part of that at the South Pacific Forum summit. We made a decision that we would think about terminating the dialogue status with France were it to explode another device. Well, it's done that and I certainly concur in the Pacific Forum making that decision today and breaking that dialogue status off. [end recording]

Mr. Keating says it's useful for Australia to maintain diplomatic relations with France and Canberra intends remaining engaged, so it can better influence public opinion in France.

Minister Rejects Severing Ties With France

BK0310064095 Melbourne Radio Australia
in English 0500 GMT 3 Oct 95

[FBIS Transcribed Text] A senior member of the Australian Government says Canberra will be reluctant to sever diplomatic ties with France over tests in the South Pacific. Australia's Pacific Islands Affairs Minister, Gordon Bilney, says it is in Australia's best interests to be able to directly express outrage over the tests. However, Mr. Bilney says anything is possible if the nuclear tests continue.

[Begin Bilney recording] I imagine there will be circumstances under which that could happen, but I think we will not go on to those lengths because, I think, we feel that we would be hurting our very own people in Australia who are against these tests, we would be hurting the people in France who are against them. It would be effectively cutting off our nose to spite their face. [end recording]

Air France Cancels Flights Over Refuelling Ban

BK0310072695 Hong Kong AFP in English
0428 GMT 3 Oct 95

[FBIS Transcribed Text] Sydney, Oct 3 (AFP) — Air France has cancelled flights to and from Sydney scheduled for Wednesday in reaction to bans on refuelling imposed by the Transport Workers Union (TWU), the airline said Tuesday.

The TWU announced a 24-hour ban, starting at 6 a.m. Tuesday (2000 GMT Monday) as a protest against the

second French nuclear test conducted at Fangatau atoll in the South Pacific on Monday.

An Air France spokeswoman said a flight into Sydney from Paris via Singapore due to arrive at 6 a.m. on Wednesday, about the same time as the ban was due to end, had been cancelled. "It was too close for comfort," she said.

A return service to Noumea from Sydney had also been cancelled.

The airline is making alternative arrangements for passengers and Air France would still operate its service from Singapore to Paris.

The spokeswoman said the next Air France flights to and from Australia were scheduled for Friday but the airline had not yet made a decision on whether they would go ahead.

Air France flights were hit by an earlier 24-hour ban imposed by the TWU in protest against France's decision to resume nuclear testing in the Pacific.

TWU Federal President Steve Hutchins warned that the union would consider other protest bans on an "ongoing basis".

Air France has already announced that it is axing its service to Australia at the end of the month for commercial reasons.

Trade Minister To Object to U.S. Grain Plan

BK0110120395 Melbourne Radio Australia
in English 1100 GMT 1 Oct 95

[FBIS Transcribed Text] Australia says it is prepared strongly to object Washington over a decision by the United States to sell subsidized grain in the Asian Region. The Australian trade minister, Bob McMullan, said that while he had no confirmation of the American plan it was a matter of concern. The Asian Region has been one of the main markets for Australian wheat in the past. However, Senator McMullan says any move into the Asian market by the Americans would not seriously affect Australian wheat farmers this year because there was a global shortage of the cereal.

[Begin McMullan recording] It's the crazy thing. We expect to be able to sell all our product at a high price because the market is strong, the price is high, and stocks are low. Why the United States wants to burn their taxpayers' money this year for no apparent market advantage, is beyond me. mean why don't they just take their money in Washington, put it in a big furnace, and burn it. It would be easier. [end recording]

Opposition Condemns U.S. Move To Sell Grain*BK0110133295 Melbourne Radio Australia
in English 1100 GMT 1 Oct 95*

[FBIS Transcribed Text] The leader of the Opposition National Party, Tim Fischer, has condemned the American move. He said the decision followed reassurances to Australia that the United States would not sell grain on the Asian market. Mr. Fischer said Prime Minister Paul Keating should raise the issue with President Clinton at the APEC [Asia-Pacific Economic Cooperation] Summit in Osaka next month. The rural-based National Party is the junior party in the Federal Opposition Coalition.

Wheat farmers have also expressed outrage at the American decision, saying it would cost millions of dollars in export sales. The president of the New South Wales Farmers Association, (Ian Donjus), says the American decision was totally against the international effort to achieve free trade.

Burmese Junta Made 'Little or No Progress'*BK3009102495 Melbourne Radio Australia
in English 0500 GMT 30 Sep 95*

[FBIS Transcribed Text] A new Australian policy document says Burma's military government has made little or no progress on political and human right reforms. The guideline document welcomes the release of Opposition Leader Aung San Suu Kyi but says it's too early for any rewards. Evan Williams reports international scrutiny will intensify in the run up to the reopening of the Burmese military constitutional convention in which it's unlikely Suu Kyi will take part.

[Begin Williams recording] At odds with increasing Asian ties, Australia says the international community should not expand aid and trade links with Burma until there are real reforms. It says Suu Kyi's release is one of just ten benchmarks for improved relations and there has been no progress on any of the others; but the policy does encourage using rewards to convince the regime human right progress has benefits outweighing the cost. Canberra says changes will be incremental but the next few months will be crucial in determining if the regime is genuinely committed to reform and reconciliation and that also include a serious dialogue with Suu Kyi. [end recording]

Fiji**Government Maintains Majority After By-Election***LD0110110695 Melbourne Radio Australia
in English 0900 GMT 1 Oct 95*

[FBIS Transcribed Text] The government of Fiji's Prime Minister Sitiveni Rabuka, has held its parliamentary majority after a candidate backed by his Fijian Political Party [FPP] won a closely contested by-election in Suva at the weekend. The FPP backed independent candidate Ratu [Chief] Manasa Seniloli after its official candidate was disqualified as a non-Fiji citizen [former minister Adi Samanunu Cakobau — she was forced to resign on the same grounds].

Seniloli's winning margin of just under 1,000 votes against his main opponent, former Deputy Prime Minister Josefata Kamikamica, indicated support for the FPP was slipping following the February 1994 general election. Kamikamica, leader of the Fijian Association Party, said he was undeterred by a second consecutive defeat in the seat, in the southeastern province of Tailevu. Rabuka's party needed to keep the seat because he has been having difficulty to get the numbers in parliament to pass legislation.

Two Ministers Resign in Coalition Deal*LD0210091295 Melbourne Radio Australia
in English 0800 GMT 2 Oct 95*

[FBIS Transcribed Text] Two ministers have resigned from the Fiji government as part of a deal to heal a dispute between the ruling Fijian Political Party and its junior coalition partner the General Voters' Party, the GVP. They are the public works, infrastructure and transport minister, Vincent Lobendahn, and Assistant Minister in the Prime Minister's Office Bill Aull, both members of the GVP. They accepted cabinet posts last July in defiance of the GVP after its president, Leo Smith, was dumped from the ministry for supporting a resolution condemning French nuclear testing.

A GVP spokesman said party members would accept no ministerial positions for another six months while it worked to become more united. The four seats held by the GVP give Mr. Rabuka a four-seat majority in Fiji's 70-member parliament.

New Zealand**Greenpeace Protesters Blockade Ambassador's Home***BK0310020995 Hong Kong AFP in English
0139 GMT 3 Oct 95*

[FBIS Transcribed Text] Wellington, Oct 3 (AFP) — A dozen anti-nuclear protesters demanding the French am-

bassador's expulsion from New Zealand blockaded his Wellington residence for two hours Tuesday morning.

They put chains on the gate to his home and sat on the footpath in front of garages and gates with their arms inserted into concrete-filled oil drums.

The Greenpeace activists began their protest shortly after 7.15 am (1815 GMT).

About 16 police officers were called in to drag the drums and protesters out of the way for Ambassador Jacques le Blanc to get to work under police escort shortly after 9:00 am (2000 GMT).

Greenpeace said French President Jacques Chirac was an "environmental criminal", the ambassador was an accomplice to his crime, and they wanted to stop him getting on to the streets of Wellington.

Protest spokesman Glyn Walters said that as long as Prime Minister Jim Bolger stopped short of expelling the ambassador, Greenpeace would do everything it could to make him uncomfortable.

The French Embassy lodged a protest with the Ministry of Foreign Affairs.

Solomon Islands

Prime Minister Sacks Deputy Over Casino Issue

BK0210093495 Hong Kong AFP in English
0843 GMT 2 Oct 95

[FBIS Transcribed Text] Honiara, Oct 2 (AFP) — Prime Minister Solomon Mamaloi said Monday he had sacked his deputy and home affairs minister Dennis Lulei.

In a statement he said Lulei was dismissed because of disappointment over his recent political and official conduct.

The statement said Lulei had issued a new casino licence to a company after a cabinet (?decision to) impose a moratorium on issuing such licences.

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